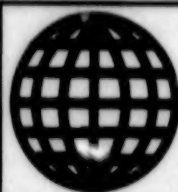


JPRS-UIA-90-012
24 JULY 1990



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JPRS Report

Soviet Union

International Affairs

Soviet Union

International Affairs

JPRS-UIA-90-012

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24 July 1990

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'Renewed' Soviet Role in United Nations Examined

90UF0236A Moscow MEZHDUNARODNAYA ZHIZN
in Russian No 6, Jun 90 pp 14-22

[Article by Andrey Vladimirovich Kozyrev, chief of the USSR Ministry of Foreign Affairs International Organizations Administration and candidate of historical sciences, under the rubric "Problems. Continents": "On the USSR's New Approach to the UN"]

[Text] People are talking about a "renaissance" in the USSR's approach to the United Nations. Perhaps that is what it is. The USSR's reevaluation of the UN's role and place and the potential of multilateral diplomacy on the whole is a logical result of the course adopted to break up the administrative-command system within the country which generated isolation, economic autarky, and a lack of political civilization, to form a civil society and law-governed state, and to implement economic reform. The expansion of the country's participation in the system of world economic ties dictates the need for its economic and scientific-technical development.

The UN, whose activities reflect the processes of renewal, in turn is becoming an active participant and catalyst for positive changes in the world and is making it easier to overcome the problems which arise.

At the same time the UN's transition to a mechanism of genuine political and economic interaction on a new, nonconfrontational and deideologized basis is not going forward smoothly. Quite a considerable amount of effort is still needed to insure that trust and mutual understanding overcome the limits of the customary view of the world which has oversimplified the situation and divided the world into two opposing military-political blocs. Some inertia in the positions of certain states, among them developing states, which are used to living in conditions of global confrontation and are now having considerable difficulty adapting to a rapidly changing political milieu, is also having an effect.

It is completely natural that in these conditions the Soviet Union is particularly interested in how its membership in the UN can help realize its domestic and foreign policy in the spirit of the new thinking.

The concerns, anxieties, and hopes of the increasingly integrated world of our day converge in the UN, as in a focus. It is here that each country has the opportunity to define its attitude toward partners in the global community in a generalized way. The UN allows us to see a quite realistic picture of the world in all the diversity of its problems, contradictions, and positive and negative trends.

It is fair to suppose that the UN is and will remain for a long time what it was called upon to be from the moment of its creation—the most representative and universal intergovernmental organization and center of coordination of their actions, and it will be effective to the degree

that the member states want it to be and are able to cooperate for that purpose. It is clear that the UN's viability depends above all on the degree to which the member states, despite all the diversity of their sometimes contradictory interests, are able to achieve the goals which they face through multilateral interaction within the framework of the Organization.

In this context I would like to direct attention to the special importance for the UN of the concept of the balance of interests advanced by the USSR within the framework of the new political thinking. It is related intimately to recognition of the basic importance of the principle that every people should have the freedom to choose their sociopolitical order.

With consideration of all the variability, contradictions, and at times confrontational nature of the interests represented in the UN, obviously its main calling is to seek points of contact through painstaking, persistent correlation of various positions and to find paths which lead to consensus on pressing problems of world development. For it is not an accident that it is called the United Nations Organization.

Of course, a balance of interests could not exist in conditions of a world divided into opposing ideologically irreconcilable military-political blocs engaged in accumulating conventional and nuclear weapons. In the East people used to talk about the "aggressive nature" of imperialism, and in the West—communism, leaving to the UN the role of a unique proving ground where polemic spears crossed.

At the same time the anti-Western fervor and the anti-communist rhetoric of the two opposing blocs actively inflamed extremism in the "third world." To a certain extent victims of global confrontation, some in the "third world," learned to adapt to these conditions and even derive certain short-term benefits from them for themselves by playing on the readiness of each of the opposing sides to offer substantial political, military, and economic aid in exchange for support of their line in the United Nations.

But the prominent significance of the UN Charter was that it envisioned levers which were to make states effectively compatible. It is no accident that the Charter begins with the words: "... affirm faith in basic human rights and in the dignity and worth of the human being..."

These rights are unitary and indivisible. Through the prism of the UN documents it is clearly seen that for the most part affirmations of the existence of "Western," "socialist," or "Eastern" concepts of human rights and civil liberties are no more than attempts to justify existing incongruities with universal international standards and sometimes simply the direct violation of them.

The struggle surrounding the UN throughout its entire history may be explained only by the standoff between the East and the West, socialism and capitalism, the rich

North and the poor South, and conflicts on religious or ethnic grounds or a combination of them; although undoubtedly all these factors have existed to one degree or another. I think that the main, pivotal contradiction was still the struggle between democracy and adherence to common human values and totalitarianism and nationalism.

The entire course of the historical process demanded profound changes in the social life of peoples in keeping with the ideals of the UN. If I may use a Biblical metaphor, after seeing the truth of common human values and expressing it as a unique revelation at the moment of the UN's creation, peoples in time returned to the idols of nationalism, violence, and fear. However, the very gravity of their sins is returning them to the true faith whose symbol remains the United Nations Organization. And we may be proud that it was precisely from our country, from Russia, that voices were heard calling for a spiritual interpretation of this common human need. Like the voice of the prophet crying in the wilderness, the words of A. D. Sakharov rang out on 3 April 1974: "I believe the democratic path of development is the only propitious one for any country."¹

In these conditions, one may say without exaggeration, the enthusiasm with which the international community and UN circles responded to the signals of renewal or, in the words of the Secretary General of the United Nations, Javier Perez de Cuellar, the "revival" of the UN, and of international relations in general, which started to come from Moscow in April 1985, is natural.

In the spirit of developing the postulates of the new political thinking on security throughout the world, for the first time the UN is being assigned a most important distinction—to become the main universal organ of security, by insuring that it is maintained at a reliable level. The regulatory role of the UN appears above all in the Organization's strengthened role as a mechanism to jointly search for a balance among the contradictory interests of different states and in its becoming a real center of coordination of the actions of states in keeping with the UN Charter. "The United Nations Organization incorporates the interests of various states," said M. S. Gorbachev in speaking at the UN. "And it is the only one which is able to combine their efforts—bilateral, regional, and comprehensive—into a common stream. New possibilities are opening up before it in all spheres which, of course, are in the UN's jurisdiction: military-political, economic, scientific-technical, ecological, and humanitarian."²

All these issues were included in the joint initiative in the UN by the USSR and a group of countries of Eastern Europe on a comprehensive approach to international security. One of the main goals of this initiative was to launch a broad international dialog in the UN on ways and means to guarantee security in the contemporary era which could emerge in practical affairs and to outline objective steps to achieve security. Moreover, the task was not posed in one stroke, to solve the problem of

security in the world all at one time once and for all. We are talking about developing general approaches and using long-term efforts to move forward gradually but purposefully, step by step.

I must mention the depth and internal harmony of the UN ideals and the principles of new the political thinking. Above all the Charter and the major decisions of the Organization reject artificial attempts to reduce the problems of international peace and security to primarily some one sphere, whether it be disarmament or something else. The joint initiative of the Eastern European countries in the UN proposed a sensible solution which envisions efforts in all directions on a mutually complementary and equal-priority basis in full keeping with the spirit and letter of the Charter.

The decisions of the first Congress of People's Deputies of the USSR were another important landmark in the development of the Soviet approach to the UN. First among the principles of the USSR's foreign policy course approved by the Congress was the principle by which the country's security, achieved above all by political means as a component part of universal and equal security, is linked with reliance on the authority and potential of the UN. Assigning such an important role to a universal international organization essentially symbolized the end of our alienation from the surrounding world and attested not only to fundamental change in the level of the conceptual reinterpretation of the UN's role in the contemporary world, but also of our resolve to become a fullfledged member of the international community.

The joint Soviet-American initiative to consolidate international peace, security, and cooperation advanced at the 44th Session of the General Assembly and the subsequent adoption by consensus of the corresponding resolution was a powerful stimulus to the renewal of the UN. And although there are still a multitude of serious obstacles to be overcome on this path, one may speak of the search for a new quality of international dialog in the UN which is characterized not by "intoxication with phraseology" but by a business-like discussion of urgent problems.

In this connection I would like to mention especially that the joint initiative in the UN was the result of the new quality of relations between the USSR and the United States. The two great powers who have followed a long and difficult path of bilateral dialog have reached the point of "transition from mutual understanding to mutual action." And the positive changes in Soviet-American relations did not mean less attention to the UN, as has sometimes happened in the past during "thaws" in relations between the two powers. On the contrary, multilateral cooperation and issues of increasing the UN's effectiveness are becoming an important element of their dialog. On the whole the discussion of "transnational" problems, that is, problems of the struggle against terrorism and narcotics, and

interaction in the sphere of ecology closely related to the UN were firmly fixed in the agenda of Soviet-American contacts.

The fact that more than 40 states broadly representing the main political forces of the contemporary world were coauthors of the Soviet-American resolution is no less important. That eloquently attests to the difficult change in international political practice which is now taking place toward fruitful mutually complementary bilateral and multilateral efforts.

So, hopes for peaceful, democratic changes in the world community are again being linked to the UN. In itself this attests to the fact that forces are operating in states and their interrelations which inspire them to enter a peaceful period of historical development. The United Nations Organization is called upon to play an important role in this process.

It is no accident that recently many states have been posing more and more actively the question of increasing the effectiveness and results of the UN and its contribution to solving world problems.

Of course, the Soviet Union also advanced a series of practical proposals to strengthen the UN and increase the real results of its Security Council and other major organs, to support the peace-keeping efforts of the Organization's Secretary General, to use the UN armed forces and its observers to unlock and settle existing regional conflicts, and to prevent the emergence of new centers of danger in the world. One may state with satisfaction that serious work has begun in the Organization in all these directions; they are being studied in depth and discussions and disputes are developing around them.

The UN's practical involvement in strengthening positive processes in the world has also increased sharply. The Organization has begun to devote serious attention to precisely those problems which demand the direct involvement of virtually all states and affect their interests. Obviously, the movement toward a more secure world which is in keeping with UN ideals cannot be a one-way street; it demands boldness and revision of many positions of our partners as well.

Above all we are talking of the countries of the West which are the most economically developed and approximate the category of law-governed states. That is where their potential for cooperation in the UN comes from. The realization of this capability, however, depends on the readiness of other countries to follow the UN principles in practice. It is for that reason that maintaining and enhancing the impulses of new thinking is so important. Of course, in doing so we must not minimize how difficult and at times how painful it may be for the countries of the West, as for other groups of countries, to adapt to the new conditions. Whereas the European Community and Canada are quickly moving toward cooperation and the search for compromises, the United States is having difficulty overcoming both accumulated

scepticism toward the UN and the habit of treating the small countries of the "third world" condescendingly.

But if the Western states must learn to respect the legitimate interests of less developed countries, they in turn must overcome the "inferiority syndrome" in relationship to the West, which takes the form of either showing increased aggressiveness and suspicion or ingratiating themselves and losing their identity. Only by following paths of cooperation rather than confrontation with the most developed states and abandonment of violence and terrorism can the "third world" countries overcome underdevelopment. And many of them will seek these paths ever more persistently in the spirit of the new thinking; the decisions of the 1989 Belgrade conference of Nonalignment Movement member-countries testify to this.

However, we must not underestimate the dangers of extremism and the large amount of "hot" material in the "third world." All this is directly related to the backwardness of many societies, the existence of outdated ethnic and other conflicts with a tendency toward violent methods of resolving them, and the lack or weakness of democratic traditions. I think that the UN's authority will be higher the more consistently it evaluates these situations from a principled position and offers realistic and democratic solutions, above all in the interests of the free self-determination of peoples.

The peaceful revolution which has been developing in our country consonant with the ideals of the United Nations Organization and, I must say, greeted with enthusiasm by those nations is of great importance in strengthening the positive trends and increasing the UN's role. The concepts "glasnost" and "perestroika" have become firmly established in UN usage. If these processes come to a standstill and degenerate into merely a set of slogans without legal guarantees, even international interaction would be once again thrust back into fruitless rhetoric. Perestroika not only offers us the moral-psychological right to and unprecedented opportunities for fullfledged participation in UN activities; it also impels other states to revise their positions on a positive key.

But what are the main directions and opportunities for using the UN in practice?

Above all further enhancement of its peace-keeping potential. The withdrawal of Soviet troops from Afghanistan was a unique starting point for the UN renewal and a major foreign policy step of perestroika which revived faith in the principles of the UN. For many years the UN demanded that this measure be carried out. It helped achieve the Geneva accords on Afghanistan and now unanimously calls on all sides to observe them and create a broadly-based government and is itself playing a useful role in the process of settling the Afghan problem.

Progress in settling this problem acted as the detonator for a unique peaceful chain reaction of settling other conflicts with UN participation. The liberation of

Namibia, negotiations between Iran and Iraq, and the search for a settlement in the Near East rely on the decisions of the Security Council. UN observers in Angola are also playing a useful role. The plans of the Central American states for a settlement in their region of the world envision taking advantage of UN capabilities, including personnel. The presence of the "blue helmets" of the Organization for the purpose of keeping peace in these and certain other regions symbolizes the transition from cannon duels to the search for national reconciliation and diplomatic resolutions.

It is important to emphasize that, as the experience of cooperation in the Security Council shows, the major powers, above all the permanent members of the Council, can on the whole achieve a balance of interests in regard to regional conflicts. The status of permanent member of the Council obliges the member to precisely that mode of action. At the same time the opportunity is created for the Soviet Union to maintain and strengthen by political means its status and influence as a great power in the world community at the smallest cost. And we are not talking of concessions to anyone or compromises on fundamental issues. On the contrary, effective interaction in the UN can be built only on the basis of strong adherence to the Charter principles and rejection of double standards in using them.

With activation of the UN's peace-keeping functions, the curve of expenditures of this organization to carry out operations to keep the peace will creep upwards. The USSR has adopted a course to eliminate the debt through a special account for past UN peace-keeping operations and to unfailingly fulfill the obligations to finance such current operations.

On the whole the USSR's line is based on the fact that someone must pay for peace, as is true, incidentally, for all programs of constructive international cooperation. But these expenditures, estimated in the tens of millions of dollars, cannot at all compare with those enormous political, moral, and even material costs of a course toward autarkic development and one-sided involvement in regional conflicts.

In connection with the problem of settling conflicts, I would like to draw attention to one other important feature.

Peoples' freedom to choose their own model of sociopolitical development presupposes no intervention in the internal affairs and no use of force in relations among states. The UN has many times emphasized the imperative of universal compliance with this norm without exception. However, this does not refer to some kind of apathetic position, "It's no concern of mine," or of the world community's indifference to what is going on within a state. In the UN the principle of freedom of choice is organically combined with an entire complex of democratic ideals which protect it.

This is especially important now, when the category "within the country" is frequently closely related to the

category "outside it." It is becoming absolutely clear that internal confrontation within some countries spreads the process of their destabilization to vast regions. And at times it is much easier to find solutions using external aspects of settlement than to deal with its internal conditions.

It is important here to find the only true route which, on the one hand, will help avoid the Scylla of intervention in internal affairs and, on the other, the Charybdis of complete indifference and connivance. Obviously, the approach to resolving these issues lies on the plane of nonselective observance of the UN Charter and the obligations stemming from it, many of which were blocked in the "cold war" period and did not work. So—and R. Gardner, a professor of international law at Columbia University, writes about this very convincingly—for a long time when states in reading the UN Charter could not find a common language, the main emphasis was put on the principle of "nonintervention." But now the situation has changed.

Now everyone recognizes that compliance with the basic human norms is just as fundamentally important to international law and order as compliance with the principle of nonintervention. In other words, a nonselective interpretation of the UN Charter presupposes a form of settlement of conflicts which, if its numerator is the principle of nonintervention, the principle of respect and observance of basic human rights and freedoms is the denominator.

And this formula is already proving its workability. In this connection a new direction of UN activity such as monitoring to see that honest elections were conducted in Namibia and Nicaragua—and in the future in Cambodia and Afghanistan—is a sign of the times. In fact, people's freedom to choose their own fate is above all free choice of their organs of power.

The new attitude toward human rights which is forming is clearly seen in the example of the work of the UN General Assembly Third Committee (social and humanitarian issues and issues of culture), in which a change took place in a relatively short period of time from the exchange of mutual reproaches and accusations to an equal, business-like, and interested discussion of problems. Despite all the peculiarities of the countries and regions, ultimately the path to eliminating these problems, like the polemics surrounding them, lies precisely through observing universal norms.

Of course, there is still a considerable amount to do to insure that an objective dialog on seeking and developing new approaches and norms moves confidently into practical affairs. Obviously, difficulties cannot be avoided here, difficulties involving not only the fact that everything new always suffers birth pangs but also involving consideration of a painful interpretation of this problem by some countries, in particular in the "third world." At

the same time it is indisputable that this is a large, promising area for using the efforts of the international community.

In the area of disarmament it is important that the UN gives moral and political support to the bilateral negotiations of the USSR and the United States and favors including all nuclear powers in these efforts. It is no less important that the UN be actively included in promoting measures to prevent the proliferation of nuclear, chemical, and missile weapons and stimulate greater openness in the military field.

Difficulties cannot be avoided here either. Among other things, the outdated habit of some diplomats of speaking with satisfaction of those weapons which others have but being altogether opposed to even mentioning any thing that may relate to their own country has an effect. But positive changes are at hand. For example, a group of government experts has been set up in the UN to prepare research on the problem of openness in the sphere of international sales and deliveries of weapons.

The fact that the United States, alluding to difficulties in financing research (although the sum we are talking about is simply laughable in comparison to the volume of trade in weapons), did not support the corresponding UN General Assembly resolution in 1988 and only a year later voted "yes" speaks of the difficulties in this new work. Nor did the resolution encounter enthusiasm among some countries in the "third world" who asserted that the peculiarities of their regions did not permit them to take up really restricting imports of weapons; although obviously in many cases it would have been worth seeking paths to a reasonable minimal sufficiency in this area, especially with consideration of economic and social problems.

Finally, we too have reserves for developing a position on this issue, above all on the level of insuring openness with respect to our own military exports, at least to an extent somewhat comparable to the United States level. But on the whole control of world trade in weapons must not be postponed, and we must take it up earnestly and use common efforts.

The UN's potential in coordinating the principles and priority directions of nature conservation cooperation on a global level is also significant. The 1992 UN Conference on the Environment and Development is very important in this regard. Above all it is important to give full effect to existing UN agreements and programs on the environment. The fact that the USSR is not participating in many of them is yet another legacy of the age of stagnation.

The USSR has adopted a course to expand its participation in the activities of international economic organizations and in stages join GATT [General Agreement on Tariffs and Trade], the IMF [International Monetary Fund], the IBRD [International Bank for Reconstruction and Development], and the FAO [Food and Agriculture

Organization of the United Nations]. Setting up coordination of our state's economic policy with the development of the world economy on a market basis and improving economic levers for regulating it are important issues.

As for the UN, it is important that the Organization finds its role in the sphere of economics, and in doing so starts from the concept of stable, persistent, and consistent development for all. The struggle of the poor for a share of the property of the rich and, on the other hand, of the rich against the poor satisfies no one's interests. The results of the UN General Assembly special session on economic issues which took place in April provide a good reading on new economic thinking in the UN.

The field of UN activity which envisions monitoring defense of human rights is of particular significance. The Soviet Union intends to expand its participation in the monitoring mechanisms on human rights under the UN and within the framework of the all-European process and proposed making the jurisdiction of the International Court with respect to interpretation and application of agreements in the area of human rights compulsory for all states. It is fundamentally important for us to bring domestic laws and practice in the USSR into complete line with international obligations in this area. I think that a general point on the primacy of international law and the direct operation of its norms within the country could be fixed in the USSR Constitution, as has been done in a number of other countries, among them the United States. At the same time the United States is often justifiably criticized for not participating in international pacts on human rights.

Using UN commissions of experts and international experience in the economic and social spheres, with consideration of our peculiarities, of course, could in many cases eliminate mistakes and improvisations and help resolve the most complex social problems, among them problems of youth, women, invalids, and the elderly, by civilized methods.

In this connection it is clear that real constructive participation in the activities of international organizations and achieving results from them is impossible if we do not overcome the stereotypes of isolation, reach a level of information dissemination—military-political, scientific-technical, ecological, and economic—to these organizations comparable to the developed countries, and provide dissemination of information on their work and the standards and recommendations they develop within the country.

Finally, more active inclusion of all the Union republics, with consideration of their potential, cultural traditions, and experience, in UN measures and programs seems promising. It is important to mention that the republics are invariably represented in the leadership of Soviet delegations to the UN and frequently have direct ties with regional and other international organizations. Obviously, all this deserves further development. But the

main thing is to find the optimal forms of self-determination and integration by legitimate democratic methods, for as the period of Stalinism showed, the methods of force and violence put anyone who resorts to them outside the civilized circle of states and peoples.

The integrity of the world more and more persistently poses the question of the mechanism of cooperation among states and their voluntary submission to generally accepted norms of civilized behavior. The international consensus which is taking shape on the need to follow UN ideals indicates the only sensible alternative for world development. All this opens unprecedented perspectives for the UN. In order to worthily respond to this challenge of the times, we must continue and intensify the perestroika which has begun in the UN and in other international organizations. It is important that the activities of the UN system be deideologized and coordinated and be focused on practical affairs.

It is also obvious that the path from overcoming the paralysis into which the "cold war" plunged the UN to reaching the level which was initially planned will be more complicated than it was previously imagined and dreamed and it will not be done in one fell swoop. But this path and the stages of which it is made can and must be followed, combining enthusiasm and persistence with realism and imagination and adherence to the democratic ideals of the UN with practical work to embody them in international relations.

Footnotes

1. ZNAMYA, No 2, 1990, p 18.

2. PRAVDA, 8 December 1988.

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Greetings to 28th CPSU Congress Published

Portuguese Communist Party

90UF0291A Moscow PRAVDA in Russian 4 Jul 90
Second Edition p 6

["To the 28th Congress of the Communist Party of the Soviet Union"]

[Text] Dear Comrades, the 28th CPSU Congress is being held in conditions of a rather complicated internal and international situation. The decisions you are going to make will undoubtedly exercise a decisive influence on the life, struggle and future of the Communists, working people and peoples of the Soviet Union; but they will also have great significance for the Communists, working people and peoples of the entire world. This is why the Central Committee of the Portuguese Communist party sends its warm and fraternal greetings, entertaining strong wishes and its profound solidarity with the goals of perestroika, to the 28th CPSU Congress, and through it, to all the Communists and working people of

the USSR. On behalf of the Portuguese Communists, we wish you success in your work in the interests of renovating socialism in the Land of October, in the name of peace, security, freedom, democracy and social progress of all of mankind.

During its 13th (Extraordinary) Congress in May of this year, the Portuguese Communist party reviewed the events which took place in socialist countries and their consequences, and tried to think them through and make conclusions which it considers feasible and necessary under the present situation for its own fight and its international positions. Considering the distortions and negative phenomena which have been uncovered and condemned with good reason and which have to be rectified, the PCP believes that the mistakes, omissions and serious deviations from the Communist ideal can neither negate the historical, economic, social, political, scientific, or cultural gains won by the working class and peoples in the USSR and other socialist countries, nor their decisive role which they have played together with the labor and national-liberation movement on all continents, through their revolutionary example and active solidarity, in the transformations and progress achieved by human society during the 20th century. Compared with the beginning of this century, the world has cardinally changed for the better at the turn of the 21st century.

Experience has demonstrated that the process of building a new society, free from exploitation of man by man, is more difficult, complex and lengthy than anticipated. The international communist movement and all the forces of social progress are challenged by the objectives of historical scale. This applies both to revolutionary theory and practice. Contrary to what our class enemies are saying, it is socialism and not capitalism which is capable of ensuring the solution of major pressing problems concerning social and national emancipation and full development of human individuality, the problems which affect the greater majority of mankind.

Imperialism has not changed its nature. It is even trying to capitalize on the temporary weakening of socialism to restore its positions and expand the sphere of its influence. This makes it imperative to promote cooperation among Communist parties, to strengthen friendship, interaction and solidarity of the forces which are taking part in the peoples' struggle for democracy, national independence, social progress, socialism and peace.

Modern times confront all peoples with such serious global problems, determining mankind's very survival, as the menace of nuclear holocaust, preservation of environment and natural resources, eradication of hunger, diseases and backwardness. There is growing understanding at the turn of a new millennium that these global issues can be solved only through joint effort by all

countries. Struggle is unfolding to encourage the governments and states to look for the solution of these problems, common to all of mankind, not through confrontation, but through detente, international cooperation, respect for sovereignty and free choice made by the peoples. This will put the planet's future generations in a situation characterized by harmonious relations among people and their association with Nature.

This is why we highly appreciate the peace policies and initiatives promulgated by the CPSU and the USSR.

From the very outset, the PCP adhered to the positions of solidarity with the CPSU and the Soviet people in accomplishing perestroika and its key goals. The success of perestroika in the Soviet Union will be achieved by overcoming opposition, barriers and difficulties in the cause of perestroika, getting people involved in it on a broader scale and ensuring in practice the CPSU's leading role through making specific its fundamental revolutionary goals of renovation, and through the strengthening and full development of socialism. This meets the vital interests not only of the peoples of the USSR, but also of the working people and peoples all over the world.

Dear Comrades, we take pride in the relations of fraternal friendship, solidarity and cooperation which have linked together the Portuguese and Soviet Communists for decades, in the interests of our peoples and countries and the overall cause of socialism and peace. For our part, we shall do our utmost to continue upholding these bonds of comradeship and international solidarity.

Long live the 28th CPSU Congress! Long live friendship and solidarity between the PCP and the CPSU! Long live friendship between the Portuguese and Soviet peoples!

Central Committee of the Portuguese Communist Party

Greek Communist Party

90UF0291B Moscow PRAVDA in Russian 4 Jul 90
Second Edition p 6

["To the 28th Congress of the Soviet Communist Party"]

[Text] Dear Comrade delegates to the 28th CPSU Congress! Dear comrades-in-arms from Lenin's Party!

These days the Greek Communists will turn their keen attention to the auditorium where your congress is meeting in session.

Members, activists and advocates of our party are following the course of perestroika with comradely emotion, the perestroika whose fresh ideas elevate socialism's renovative spirit and humanistic ideals, and wish

Soviet Communists success in their efforts to restructure socialist society and in their fight for peace and social justice all over the world.

It is our hope that the decisions that you are going to make will contribute positively to the efforts being made now by all revolutionary, left, and radical forces on our planet to revive the socialist ideal, without which the world is doomed to sink into the quagmire of capitalism's disintegration.

The setbacks suffered by many countries in building a new socialist society pose a threat of reactionary rollback on an international scale. It is more imperative than ever before to offer peoples a new promising alternative and to uphold it.

We are at one with you in the fight to prevail over capitalism, to build a genuinely humane socialist society, in the fight to create a world free of nuclear weapons, a world of democracy and freedom, and of ecological security.

On behalf of all members, advocates and activists of our party we wish you, dear Comrades, success in the work of your congress.

With comradely greetings,

Central Committee of the GCP

Indian National Congress (I)

90UF0291C Moscow PRAVDA in Russian 4 Jul 90
Second Edition p 6

["To the 28th Congress of the Soviet Communist Party"]

[Text] We are sending our most heartfelt greetings to the Communist party of the Soviet Union on the occasion of its 28th Congress.

We regard this congress as a major event in the history of the Soviet Union and as an important international event. It can become a landmark in the ongoing process of perestroika of Soviet society, which evokes benevolent interest all over the world, including India.

We hope that the congress will contribute to a further democratization of all aspects of life in the Soviet Union, expansion of new political thinking in international affairs for the sake of creating a nuclear-free and non-violent world, as it has been laid down in the Delhi declaration.

Friendly relations have shaped up between our parties, the relations which are part of growing cooperation between the peoples of the two countries. We seek to further strengthen and promote these ties.

Wishing you great success and sending our fraternal greetings,

The Indian National Congress (I)

Gerasimov Assesses Western Economic Aid

90UF0282A Moscow *SOVETSKAYA KULTURA*
in Russian 30 June 90 p 12

[Commentary by Gennadii Gerasimov, in Moscow *SOVETSKAYA KULTURA* column World at Week's End: Give Us A Hand]

[Text] The results of the Constituent Congress of the Russian Communist Party have shaken up not only readers of our newspaper.

The West has also been alarmed. The Spanish Foreign Affairs Minister, F. Fernandez-Ordonez expressed his concern well. "The crisis in the USSR is the most important issue facing the construction of Europe. The fate of the European building depends on resolution of this. If perestroika collapses, then our projects will be threatened."

I mention this comment by the Spanish Minister because it counters the arguments of jingoistic possessors of ideological pride: if the enemy praises us, something is not as it should be.

For example, C. Haughey, Ireland's Prime Minister, said "the vast majority of the changes in the world have occurred thanks to President Gorbachev. For that reason he deserves support."

Or French President, F. Mitterand, says "the success of Gorbachev is in the interests of everyone."

And US President, G. Bush, you will recall, would like to see perestroika succeed.

It is possible to continue with similar expressions by the members of this spontaneously-arisen international club of friends of M.S. Gorbachev and perestroika.

They are all quite egotistically interested in seeing order and prosperity reign over one-sixth of the world. Order brings peace and prosperity brings mutually profitable business.

But there is one problem, which British Prime Minister of Foreign Affairs D. Hurd pointed out in an annoyingly laconic manner. "The Soviet Union is a country rich in resources, but its economy is managed with striking incompetence."

And the results are painfully obvious to everyone.

Its salvation, returning to economic ABC's, to know-how, can be assessed by the following, according to Pushkin:

As the state prospers

What people live by and why

Man doesn't need gold

When he has basic goods.

What we do have at this time is gold, including the cheapest black, i.e., oil, but it is not essential to basic goods.

All in all, discussion of how to rescue us from an economic marasmus proceeds in the West.

The FRG is in the lead with an unprecedented amount of credit of 5 million marks. The FRG is also advocating the coordination of activities with the West in the area of credit reconstruction.

England has grave doubts concerning our mental capacity to manage with credit. They are afraid it would be "pouring water in the desert." Another thing—to train our industry leaders is something that Eugene Onegin already knew well.

The USA is also vacillating, not sure of perestroika in the near future, but the president has stated that he is not going to prevent American partners from giving us aid.

The problem was discussed at the top levels at a meeting of countries of the Common Market in Dublin, and the discussion will continue at a meeting of leaders of the top leading countries of the West in Houston.

Opinions vary. How does one effectively secure the use of credit, so that it does not turn out to be an eyedropper in the bed of a sick person, but rather a tonic drink? So that the state of affairs does not grow worse, leading to the chance of once again putting off essential reforms, like in the seventies when wild oil prices amortized our economic failures?

I agree with the opinion of the West German newspaper, *Frankfurter Allgemeine Zeitung*, that "some credit cannot facilitate the resolution of all the problems. Only in combination with profound reforms will they permit the opening of the great economic potential held hostage in the natural riches of Russia."

"You are poor, you are prosperous."

Five-Nation Organization Joining East, West Europe Described

90UF0289A Moscow *PRAVDA* in Russian 3 Jul 90
Second Edition p 7

[Article by I. Melnikov: "A Bird in the Hand: How Five European Countries Formed 'Pentagonalia'"]

[Text] "Several days ago I managed to visit Pentagonalia." If I begin an article with that phrase then next I must explain the meaning of the strange word to the reader.

What, really, is this "Pentagonalia" which I want to share some, possibly even subjective, thoughts on? There is no sense looking up this term in the dictionary or in a list of geographical place-names. The reason is simple: as a country Pentagonalia is really nothing more than Shvambrianiya from the children's book by Lev Kassil. But the component parts of "Pentagonalia" are not only

real, they even occupy a prominent place on the European map. We are speaking of Austria, Hungary, Italy, Czechoslovakia, and Yugoslavia. These are the five countries, geographically neighbors, which this spring have taken up the path of seeking unusual forms of cooperation. And in order to give a figurative and short name to the new form of interstate combination of efforts, its creators resorted to the Greek word "pentagon."

The group is extremely varied in terms of make-up, and that is immediately striking. One is neutral, one is nonaligned, one is a NATO state, and two are members of the Warsaw Pact Organization. Such "pluralism" is in itself a challenge to traditional bloc thinking.

It is no less remarkable, in my opinion, that when future projects were being analyzed, the variants which were concrete and promised a quick return gained the upper hand, while any kind of "general," slogan-based projects were cast aside. The principle of selection is very pragmatic, and its essence is aptly defined by the old saying—a bird in the hand is worth two in the bush. In other words, the priority problems, above all economic and ecological ones, are being defined on a broad front of cooperation.

The first meeting of "Pentagonalia," which was on the ministers of foreign affairs level, took place in mid-May. The organizers resorted to innovation even here by rejecting the traditional ritual of such forums. One day the ministers worked in Vienna and the next—they went to Bratislava, since the two cities are separated by some 50 kilometers. The basic directions of future cooperation were determined collectively: environmental protection, the use of atomic energy for peaceful purposes, rational organization of shipping, joint resolution of problems of national minorities, and the like.

The next stage was held at the end of May, when the deputy heads of the governments of the "five" met in the Austrian capital. Their task was to create special working groups with subsequent determination of a leader in each work area. Thus, the representative of Austria headed the group on problems of power engineering and environmental protection, and the representative of the Czechoslovak Federated Republic [CSFR] was the coordinator in the field of cultural cooperation. Hungary will oversee the formulation of economic and scientific-technical problems, and Italy assumed coordination of actions in shipping, above all transit shipping. Yugoslav specialists must head cooperation in the sphere of tele- and conventional communications. Each of the groups is now involved in determining the degree of importance and urgency of the ideas proposed—the sequence of the realization of projects depends on that.

Allow me to return to the principles which in my opinion define the activity of "Pentagonalia" and interactions among its participants. The two main ones, I repeat, are pluralism and pragmatism. A third one joins them—the

desire not to smooth over the sharp edges of the subjects under discussion, regardless of how proper negotiations are.

This is how discussion of one of the debated problems of power engineering went in Vienna, for example. The CSFR government, as is well known, recently announced definitely that the operation of atomic power plants in Temelin, Dukovany, and Mejovice will continue at full power and that the new AES's built not far from the border with Austria will also be put on line. This announcement aroused a wave of criticism from the Austrian authorities, and it erupted in the meeting hall as well. The debate did not take on the nature of a skirmish, however. The vice-chancellor of Austria, Josef Riegler, immediately offered a loan of ten billion schillings to his Czechoslovak colleagues so that the CSFR might soon develop and set up alternative energy sources to nuclear ones. The second step could be introducing energy-saving technologies in Czechoslovakia on a broad basis. The partner's arguments did not convince the Czechoslovak side. Its representative announced that CSFR industry, at least until the year 2010, cannot get along without the energy of atomic power plants. He deflected accusations that Czechoslovak AES's are not sufficiently safe and at the same time rejected the 10-billion-schilling loan, inasmuch as his country already has a large debt abroad.

From the first steps, the organizers of the "pentagon" tried to set up close ties with the journalist corps and insure that reports on their activity reached the pages of newspapers, the airwaves, and television screens. The press center worked efficiently at both meetings in Vienna and correspondents received all the necessary information. And when the meetings "split" and moved from Vienna to the other city, journalists continued to keep their hands on the pulse of events. This was done very simply: two large buses were brought to the residence of the Austrian government on Balhaus Platz; the governmental delegations, which were small, were put in one, and accredited journalists in the other. The entire trip took half a day. It was the same when the ministers of foreign affairs visited Bratislava and when the deputy heads of governments arrived at the Hungarian border town of Sopron.

Incidentally, it was within the walls of the Sopron castle that the vice-chancellor of Austria, Josef Riegler, gave a short interview to PRAVDA.

[Melnikov] What was the basic substance of today's meeting?

[Riegler] In my opinion, the search for solutions on protecting the environment. I, for example, proposed that the joint data bank on this problem be located in Vienna. It should contain information on urgent issues of ecology in the European region. But its role will not be an exhaustive one in that regard. The bank will begin to coordinate the efforts of the five states in nature conservation. It must become the information link in the

network of data banks of other countries. My colleagues from Hungary, Italy, the CSFR, and Yugoslavia supported my proposal.

[Melnikov] Doesn't Austria's participation in "Pentagonalia" contradict its leading politicians' desire to see the country as a participant in the "Common Market"?

[Riegler] Not at all. Neither process depends on the other. They are running in parallel. Now the experts of the participating countries are involved in making preparations for a third meeting which rises a step higher: the heads of state will conduct it. They will gather in Venice in early August.

Issue of Soviet-Polish Mutual Financial Claims Discussed

90UF0247A Moscow ARGUMENTY I FAKTY
in Russian 16-22 Jun 90 p 2

[Article by Oleg Chereda: "Who Owes Whom?: Soviet economist Oleg Chereda Talks About the Mutual Financial Claims of the USSR and Poland"]

[Text] Soviet-Polish commercial-economic cooperation is experiencing a difficult period. Unexpected metamorphoses are taking place. Only yesterday the Soviet side did not entertain the possibility—even in the distant future—of a transition to world market trading conditions within the CEMA framework, while representatives of the former Polish opposition reasonably saw this as a means to revive cooperation and raise the competitiveness of their exports. Today, however, the roles have changed.

Despite the change in political power in Poland, the de-ideologization of economic policy declared by the government of T. Mazowiecki, and the demonopolization of the Polish economy through a shift to market mechanisms, there have not been radical changes in the Polish side's approach to the fundamental perestroika of Soviet-Polish commercial-economic relations. Indeed, there has been a hardening of its position at the negotiations.

The discussion concerns above all a desire on the Polish side to retain for the near future—at any cost—those unilateral advantages which arise from the flawed system which is still in effect for planning, pricing and accounting in mutual cooperation projects.

While the Polish side declares market relations to be the basis of its economic policy and shows a willingness to extend those relations to mutual cooperation, it excludes, however, deliveries to Poland of Soviet hard-currency fuel and raw-material supplies. And it is the delivery of these supplies, negotiated under the currently existing conditions, which ensures a unilateral advantage to the Polish side.

The Origin of the Debts

The main economic principle of the "barter" trade within the CEMA framework was always the attempt to achieve mutual balance; however, that did not exclude periodic digressions from this principle made for political reasons by the Soviet side.

The current Polish debts to the USSR developed in the first half of the 80s, when Poland entered a period of very deep crisis. At that time the Soviet Union agreed to grant Poland credits to cover a negative trade balance, which arose from the Polish side's lack of export possibilities to balance deliveries of Soviet fuel and raw-material commodities, prices for which continued to rise as a result of favorable conditions on the world market. On 1 January 1990 the size of this debt would range from

4.5 billion rubles, according to Polish sources, up to 5.4 billion rubles according to Soviet sources.

What does the size of this debt signify on the scale of the current reciprocal commodity exchange level? It corresponds to approximately a year's worth of Polish exports to the USSR. Taking into account the trend toward falling prices for fuel and raw materials on the world market noted since the mid-80s, the repayment of this debt during the years 1991-1995 would not require the Polish side to increase sharply the physical volume of its exports to the USSR, if the current pricing and payment mechanism is retained. However, for the last two years the Polish side has held up its deliveries in every possible way in order to hinder the reduction of its debt.

In addition to the debt in transfer rubles, Poland owes the USSR about \$1.5 billion. This debt arose as a result of financial aid extended to Poland in the most critical period of the Polish crisis in the early 80s. Every year Poland supplies the USSR with 1.5 million tons of hard coal to pay the interest on this debt.

One Good Turn Deserves Another

That is, at any rate, what has always been accepted in the modern world. And there is much evidence of this in world practice. However, the Polish side has added to this practice with its skill in putting forward counter financial claims, and frequently even making historical digressions for this purpose.

In this case the discussion concerns claims by the Polish side for the supposedly incomplete compensation received for Poland's participation in the expansion of the raw material base in the USSR, which Poland values at 4.2 billion rubles. One is struck first of all by the remarkable coincidence between the amount of the claim and the amount of the debt. But that is not the main point; it is that the CEMA countries participated in the construction of those facilities in the USSR on a profoundly voluntary basis. And moreover, under conditions which were jointly agreed upon in advance. As for Poland, its participation since the late 70s—due to the economic crisis—was on a privileged basis thanks to the understanding of the Soviet side. In particular, the USSR took upon itself Poland's share of the hard-currency purchases.

One can also argue the groundlessness of the Polish claims on the basis of a possible recalculation of all the post-war technical assistance provided by the USSR, using the methodology which the Polish side is now proposing; it may exceed substantially its pseudo-losses. Nor is the lack of similar claims by other partners for the construction of these facilities to the advantage of the Polish side.

Only recently the previous Polish authorities presented—for propaganda purposes—the countries of the West with a bill for \$15 billion, which amounts to more than a third of the Polish debt to them. This was, according to Polish calculations, the amount of the direct

and indirect damage inflicted on the Polish economy by economic sanctions. The new authorities are not talking about this. But they are making similar claims on the USSR.

If the current Polish government's position on the debt problems is formulated in an exaggerated manner, it amounts to the following. Previously the USSR "supplied Poland generously" because it was in the USSR's limitless sphere of influence. Now, however, it should pay up because Poland was once in its sphere of influence.

In order to have good relations with one's neighbors it is not at all obligatory to "supply them generously." Our relations with Finland can serve as a good example of this.

Finding a Compromise

A mutually acceptable solution can be found only on the basis of compromise, and there are several alternatives here.

The simplest consists of retaining for the next five years the previous conditions of reciprocal trade; Poland will then pay off almost painlessly its ruble debts while retaining those unilateral advantages discussed above. Incidentally, new ones have been added to them, specifically the agreement by the Soviet side to pay for Polish construction services under world-market conditions.

Another alternative is primitively confrontational. The ruble debt can be written off, meeting the demands of the Polish side and recognizing its pseudo-losses from participation in the building of joint investment facilities. But at the same time the Soviet obligations to supply fuel and raw materials in payment for this participation can be annulled. If this is done, and the previous trade conditions are maintained, the prospects for commercial-economic ties between the USSR and Poland will be catastrophic.

And finally, the last alternative, which is the most radical. The Soviet side agrees to write off ruble debts in exchange for the Polish side's rejection of all counter material-financial claims. The latter also agrees to shift completely to current world prices and current payment in hard currency beginning in 1991. It is likely that this is the price the Soviet side would have to pay for depriving Poland of the above-mentioned unilateral advantages, for which there is no one to blame except ourselves. Under this arrangement Poland would inevitably form a negative trade balance even at the initial stage.

The hard-currency payments to cover it would be used by the Soviet side to purchase high-quality goods on the world market and this quality would compensate for the loss of the ruble debts which were written off. In this case the reciprocal commodity exchange would at first be

sharply reduced, but gradually as the domestic economy recovered, the dynamics of its development would grow steadily.

All of the alternatives are based on the attempt to provide for maximum balance between the conflicting interests of both countries. Time will tell which choice is made.

Bogomolov Says East European Changes May Be Reflected in USSR

90UF0288 Moscow LITERATURNAYA GAZETA
in Russian No 27, 4 Jul 90 p 15

[Interview with Oleg Bogomolov, Academician, by S. Merinov, under the rubric "The World Around Us"]

[Text][Merinov] Inspired by our perestroika, the East European countries have undertaken to dismantle their systems. What is this, failure, or progress?

[Bogomolov] It is a scientifically predictable pattern. The political regimes in the East European countries were imposed on them or borrowed uncritically from us. It is obvious today that they did not work out. And the results are mostly lamentable. The example of the GDR is instructive. It was considered the virtual show window of socialism (Ye. Ligachev, who visited there shortly before the collapse of its regime, had high praise for it). But what do we find? The country's productive forces were hopelessly out of date, the ecological problems are critical, the political structure crumbled in a matter of weeks, and those who acted as purveyors of sacred truths find themselves charged with crimes. It is graphic evidence that we were living in a world of illusions.

We cannot look at what is happening in East Europe as something negative, as a backward step. If Marxist doctrine comes into conflict with real life, it seems that we have to take account of reality and reject certain points of the doctrine. We thought that capitalism was doomed, that it had no future, and it has proven to be vigorous, transforming itself by evolution and realizing a number of socialist ideas. The doctrine stated that force is the midwife of historical progress. But it has turned out to be a monstrous crime against peoples and in fact has drained the blood of many nations, including our country. The superiority of public property to all other forms was proclaimed, but the result has been that this property belongs to no one. And really it should not even be called property. Everything that has not passed the test of practical life must be resolutely re-examined.

Unfortunately, many in our country are inclined to see the events in East Europe as a warning: this is how far it can go, they say. During preparation for the CPSU Congress this line predominated. But for us East Europe is a mirror in which we can see our own future. That is if we look carefully. But you can also turn away, of course, and see nothing.

[Merinov] In a recent interview you said, bearing in mind the changes in East Europe and in our country, that a chemical reaction in an industrial converter and in a simple boiler gives the same result. But while a little country may have the sniffles we, because of our size and completely neglected state, may get pneumonia. Don't we need a more precise, perhaps, gradual and cautious approach in carrying out reforms?

[Bogomolov] I was saying that there are fairly clearly identified trends and they have their objective logic. But of course, if you want to regulate these processes or take account of their consequences, including the destructive ones, you have to consider scale. A milligram of explosive is one thing, and a ton of TNT, which can destroy everything around, is something else.

[Merinov] Nationality problems have become extremely critical.

[Bogomolov] To some degree democratization promotes a situation where nationality contradictions which had festered deep within have come out on the surface.

The awakening of national self-awareness and the sense of national dignity is being observed in many, many countries. But there is also, especially in Western Europe, a powerful trend to unification and merging of nations, development of a single market, close cooperation, and even, in the future, introduction of a unified currency. This trend, however, gains strength only if it is accompanied by economic flourishing. And economic difficulties often give rise to other aspirations: withdrawal, alienation, a desire to save oneself and handle one's problems alone.

East Europe is right in the zone of economic crisis. And what are we seeing? Yugoslavia: the problems of Kosovo and Slovenia. Romania: the Hungarian minority in Transylvania and Hungary's reaction. In Slovakia a sharpening of Slovak, if you like, nationalism. And I am not even mentioning our country.

Economics plays a very substantial part in these processes. When the economy is in disarray, when there is no real market and all integrating links are based on coercion from the Center, that is when nationalism and separatism flourish.

The main thing that needs to be done is to put into motion the powerful mechanisms of market relations, economic interest, and the mechanisms of internationalization of production and exchange. We have division of labor; it ties our republics together. But this division of labor was built administratively and is not supported by economic interests.

[Merinov] To what extent can the European Bank for Reconstruction and Development which is being set up at French initiative facilitate solutions to the economic problems of East Europe, including our own?

[Bogomolov] I think it will be more helpful to the East European countries which have moved further than us in

their transformations and which the West, of course, supports more energetically. Furthermore, these countries are not so big; it is easier to keep them afloat. But just try to do that with the Soviet Union.

At one time we followed, unfortunately, a short-sighted policy and refused to join the International Monetary Fund and Bank for Reconstruction and Development, saying they are controlled by the Americans. We tried to hold the Poles and Hungarians in our fold too. But by entering these organizations Hungary and Poland all the same eased their financial and currency position.

The formation of a European institution analogous to the world one will, of course, facilitate our entry into international structures.

[Merinov] Won't the European Bank for Reconstruction and Development become a kind of contemporary Marshall plan?

[Bogomolov] No, it won't. That was primarily an outright transfer of American property and capital to revitalize the postwar economies of the European countries. It is hard to count on such generosity today. The best we can expect is for the Western banks and governments to write off part of the debts of the East European countries.

The International Monetary Fund and Bank for Reconstruction and Development give loans for specific purposes and projects. And that is a reasonable policy. The receipt of large sums is often conditioned on putting the financial and economic system in order. That is also, in my opinion, reasonable; otherwise there is no guarantee the money will be repaid. The Hungarian, Yugoslav, and Polish economies are under some control by the International Monetary Fund. Poland and Yugoslavia, following the advice of the IMF, are on the road to stabilizing their financial systems. Thus, it appears that Yugoslavia has already ended its hyperinflation and there is a hope that its economy will normalize.

[Merinov] The specter of anticommunism is stalking East Europe, more and more often reaching us too. The parties that ruled for 40 years have lost power with unbelievable speed, and ordinary communists are scorned. Can the CPSU avoid this scenario, and if so, how?

[Bogomolov] The parties which for many decades answered for all policies, which under their constitutions played the leading role in society, have now been relegated to the periphery of political life. People see the actions of these parties as one of the main causes of the present deep crisis.

In recent times the parties themselves have in a number of cases been the initiators of the current changes and dismantling of the old system, for example the Hungarian Socialist Workers Party. But despite this they still have not entered the government and will play the role of

one of the opposition forces. One must draw conclusions. Conclusions referring to theory, to ideology, and to the organizational structure of the party and its role in society.

The harsh defeats and failures of these parties are connected, on top of other factors, with the fact that they find themselves today in a worse situation than other parties. People voted against their long-standing mistakes, disregarding the renewal of these parties and their new programs and ideas. They simply voted for those who were not involved in the former mistakes and, in some cases, crimes.

Everything will fall into place later. But the influence of these parties in the future will depend on the extent to which they are really able to transform themselves and adapt to the new situation.

It seems to me that we will not avoid those processes which have been so clearly revealed in the East European countries either. These processes, in my opinion, have deep objective foundations. If we talk of responsibility for the state of crisis in society, the economy, and Union relations, the responsibility of our party is much greater than that of the former ruling parties of a number of East European countries. Furthermore, the renewal process in our party has been greatly retarded. It has done essentially nothing in 5 years to restructure itself. The process of transformations in society is going ahead full steam, while the party apparatus finds itself trailing behind events.

What will be needed here is not renewal, but a real transformation of the CPSU. Possibly several leftist parties will emerge, although under current conditions this would not be the best version. It would be preferable today not to separate out, but to consolidate on a progressive basis.

[Merinov] On one side of us we have the experience of East Europe, and on the other China's experience. A few years ago we observed a kind of euphoria over the Chinese reforms. How do you assess the current situation in that country?

[Bogomolov] China's experience is not one-sided. There is a great deal that can be used for guidance. For example, when carrying out their reform the Chinese did not at all worsen the state of their economy; on the contrary, they immediately began to improve it. They began with agriculture, while we came at it from the other end, from industry, from liberalization of enterprise activity. The Chinese were successful, but we, unfortunately, have not been yet. Only now are we beginning to understand how important it is to launch the market mechanism precisely with agriculture. This is where you get the biggest and fastest return.

On the other hand, the Chinese were not successful in making a consistent transition to a market economy either. When it came to the development of market relations in industry the economic reform led to political

transformations. After all, the economic reform presupposed great independence, and this meant a limitation on both the central and local power of the ministries and provinces. It demands that the party play a different role; it demands from the party political leadership, not commands and administrative methods. And this political reform has not come about in China. Today we are observing a backward movement there, and this is having a negative impact on the economy too. The deliberate steps taken against "overheating" of the economy played some role. But I personally see inconsistency, a gap between the political and economic transformations. This gap can only be eliminated in one of two ways: curtailing the economic reform and returning to an integrated totalitarian system, or political reform, which China is not ready to undertake.

[Merinov] Do you think that these reforms are so directly linked?

[Bogomolov] Those natural patterns which have already manifested themselves during the recent revolutionary transformations in East Europe and the Soviet Union are obligatory for China too, even with all their specific features.

Historian Calls for New Soviet Outlook on East Europe

90UF0261A Moscow LITERATURNAYA GAZETA
in Russian No 25, 20 Jun 90 p 14

[Article by Aleksey Pushkov, candidate of historical sciences, under the rubric "The World Around Us": "Does the 'East' Still Exist?"]

[Text] Not long ago it seemed natural to divide the world into East and West. Of course, this delineation carried in it a considerable threat. Nonetheless it was very firmly established in mass, and also political consciousness, so much so that the changes which literally overnight took away East Europe's usual appearance are perceived by many as nothing less than the "crumbling of our system of alliances" and "a direct undermining of the country's security." A part of our society has reacted very dramatically to these changes, especially because the West continues to give the impression of being just as united and unified as before, shows no inclination to dismantle itself, and apparently is ready to integrate a considerable part of the East which opposed it for so long.

We are encountering a qualitatively new situation today in East Europe and in our European policy in general. With all its significance, the fact that the East European countries—for now—are members of the Warsaw Pact and CEMA cannot conceal the fundamental changes in their foreign policy orientation.

The traditional concept of the "East" included something more than a unified military alliance, a common economic organization, and a mechanism for coordinating foreign policy. All of this was based on a uniform ideology and system of power and similar socioeconomic

institutions. Now communists have been removed from control of society in most of the Warsaw Pact states. The former ruling structures have fallen. The "East" has lost its supporting base.

In the GDR, Hungary, Poland, and Czechoslovakia the forces in power favor a liberal-market orientation. The former ruling parties are undergoing a difficult time. Their numbers have been greatly reduced and public trust in them has dropped sharply. "Everyday" anticommunism is strong. Just the fact that the leadership of the PDS, which received 16.3 percent of the vote in elections to the GDR People's Parliament, considers this a success tells a great deal. After all, the PDS is the successor of the SEPG [Socialist Unity Party of Germany], which less than 18 months ago had 2.3 million members. The results of the elections in Hungary are equally eloquent, as was the recent vote in Czechoslovakia, where hardly more than one-eighth of the population supported the communists. To judge by everything, the former ruling parties will be in the status of political "untouchables" for some time. In any case, other parties refuse to join any kind of coalition with them.

The position of the Social Democrats is very weak too. They suffered a substantial loss in the election, and although they joined a coalition with the conservatives, it was with the rights of junior partner. In Hungary and Czechoslovakia they were not even able to get into parliament. It seems that the pendulum of public opinion in the East European countries, having gained momentum for a shift to the right, passed the potential social democratic phase quite quickly.

Thus, in the near future the Soviet Union will be dealing in East Europe primarily with forces who are ideologically opposed to all varieties of socialism. Politically and economically they orient themselves unequivocally to the West. These forces see no threat to the security of their countries from NATO. They perceive the West as the principal source of aid in modernizing their economies and reaching a new level of development. While fully recognizing the importance of relations with the Soviet Union, the main task of their foreign policy is declared to be "returning to Europe."

Naturally, all these things cannot help but be reflected in our bilateral relations with our allies, the situation in the Warsaw Pact, and interaction through CEMA. In some countries there is a growing endeavor to distance themselves from the USSR, including in foreign policy. Differences have surfaced in the approach to the future military-political status of Germany. Hungary announced its intention to withdraw from the Warsaw Pact. Similar attitudes exist in the other countries allied with us. They are gradually switching trade and economic ties to Western Europe.

But how should we react to these changes? Should we, as some suggest, look for those "responsible" for what happened in East Europe? Or talk about the "destruction of the buffer zone," and mourn the monolithic socialist

camp, which has become a thing of the irretrievable past? Or should we soberly think through the changes taking place in East Europe and define the role and goals of our country in the world arena and our national interests in a new way?

I think the answer is obvious. And the first thing that appears to be necessary to do is to recognize that the changes in the East European countries and in our relations with them are natural and predictable.

For a long time these relations were founded not so much on common objective interests and closeness of cultures and historical traditions as on the coincidence of interests of similar—and in large part imposed on these countries—party-state structures. It was they who played "first fiddle" in the multifaceted interaction within the framework of the East. The attempts undertaken in Hungary and Czechoslovakia to replace or update these structures were stopped in the most decisive way. If they had not been, a chain reaction and the collapse of the entire alliance was not impossible.

It must be said that such fears on the part of the Soviet leadership were entirely well-founded (which, of course, in no way justifies open intervention in the internal affairs of allied states). The Warsaw Pact was above all ideological. In a strategic sense it was needed primarily by our country. Under "cold war" conditions the departure of any country from the Warsaw Pact, to say nothing of its collapse, would have led to a serious deterioration of the USSR position.

As for the East European countries, the Warsaw Pact did not ensure their national security so much as the security of the ruling elites there. After all, there was never a real military threat against these countries from NATO. The West's hostile attitude toward them was caused by their participation in the Warsaw Pact and the character of their political regimes. Therefore, there have always been ideas of the possibility of ensuring their own national interests, including security interests, outside of the Warsaw Pact, and these ideas are growing noticeably stronger today.

Economic cooperation within the "community" was not built on the basis of naturally interacting economies either; it was directed from above, by political decisions. CEMA joined together what were mainly economically backward countries. The "cold war," on the one hand, and the strength of the administrative-command methods of governance on the other predetermined their economic autarky and limited participation in the international division of labor.

It is clear that this contradicted the economic and scientific-technical development needs of the East European countries. But historically it is precisely these needs which are decisive. Attempts toward integration only led to integrated backwardness in CEMA and bilateral relations could not in any way counterbalance the powerful attraction of the EEC and the developed industrial states of the West.

We will not forget either how openly the proclaimed principles of equality and sovereignty of the states allied with us were violated. This was, indeed, an inalienable part of the former "East." The natural economic, political, and cultural aspirations of the East European societies were ignored in exactly the same way. The psychological result was dislike and sometimes direct hostility toward the USSR and a desire, sooner or later, to break free of the heavy embrace of the "great neighbor." In the whirlwind of these emotions the good things which relations with us gave to our East European neighbors were often lost.

In short, the end of the old "East" was predetermined by the very conditions of its formation and development. But this does not at all mean that our countries will cease to be allies and partners. They have numerous coinciding interests outside the system of ideological coordinates, which makes them not simply necessary, but even essential to one another.

These interests are varied. A common desire for good neighborly relations, peaceful, crisis-free development of the East European region, a reduction in the level of the military standoff in Europe and the world as a whole, and successful development of the All-Europe process—these are just the most obvious ones. A solution to the German question that will guarantee the inviolability of postwar borders and preclude the possibility of a rebirth of German militarism is vitally important for the East European countries, just as it is for us.

In these conditions it seems that it is also in their interests to preserve the Warsaw Pact in the present phase. After all, a disruption of military-political stability on the continent resulting from the collapse of the Warsaw Pact would threaten to undermine the mechanism of the all-Europe process, which was built with great difficulty and is still rather fragile. This is not mentioning the impact which it could have on the development of the internal situation in our country and on Soviet foreign policy. To judge by everything, this is being considered in the majority of the East European capitals. Needless to say, the Warsaw Pact needs major updating. On the condition that it changes from a military alliance into a political organization, it can continue to be able to serve as a tool for coordinating the foreign policy of the member countries.

For now the new leaders of most of the countries allied with us say they are willing to preserve the Warsaw Pact, primarily as an important part of the political mechanism for creating new security structures in Europe. It is noteworthy that in NATO too, where thus far they have been waiting for the Warsaw Pact to collapse, people are beginning to look at it differently today. In the words of Peter Corteria, general secretary of the North Atlantic Assembly, if the Warsaw Pact is fully transformed it can be seen as a useful partner for NATO, not only in arms reduction negotiations, but also "as a structure that creates conditions for democratic and peaceful changes in the countries it unites."

Finally, there are economic interests. In the 40 years of close cooperation between us and East Europe significant mutual economic dependence has taken shape. From 30 to 60 percent of the region's foreign trade goes to the Soviet market. Our supplies of energy media and raw materials are extremely important to them, and the manufactured goods that we receive from there are important to us. These countries cannot restructure quickly for the Western markets, where most of their goods are not competitive.

Of course, the situation where economic backwardness brings us together is abnormal and cannot last long. It is clear that our partners will try to overcome it (and we ourselves will too). But the most reasonable thing would be, while broadening contacts with the West, to make use of the complementary features of our economies and develop mutually advantageous ties. This is possible if we switch payments to world prices and make them in convertible currency, which has already been discussed within CEMA and in bilateral talks.

This view is also held, incidentally, by many West European politicians and financial specialists. In their opinion in the near future the West cannot possibly replace ties with the Soviet Union and CEMA in the economic sphere of the East European countries.

Needless to say, these objectively coinciding interests might not find complete reflection in policy. There are forces in East Europe who are willing to play up to certain circles in the NATO countries in their effort to marginalize the Soviet Union and leave it outside the bounds of the "united Europe."

The allies of the USSR may also have other ideas, different from ours, about ways to secure their interests. Among others, there is there a trend to look for guarantees of security primarily from the West. In this connection one often hears the view that modernization of the Warsaw Pact was hopelessly delayed. East Europe does not need it, that it is removing itself from the picture. We will not reject this possibility right off. But in light of the recent meeting of the Political Coordinating Council such evaluations seem, to put it mildly, premature. As the FRANKFURTER ALLGEMEIN wrote, "Most of the Warsaw Pact countries do not want it to fully disband but show an interest in preserving it in changed form."

A great deal depends on the degree of radicalness and pace of the reforms in our country. No one can cut us off from the world as much as we ourselves can. The longer the transition to a full-fledged market economy drags on, the tougher our chances are of becoming a part of the all-European community of peoples. Movement toward political pluralism, a multiparty system, and real democracy is also a strategic factor. This is the only way in which the USSR's adherence to the socialist idea will not be perceived negatively by our closest neighbors and the rest of Europe.

Efforts to preserve the East in its former shape would mean further disintegration, a political deadend, and economic autarky. A conscious rejection of such efforts is a necessary condition of our return to world civilization. Moreover, the changes in the East of Europe are already leading to changes in the West. The military role of NATO is diminishing. They are already looking for other functions for it. This also involves weapons control, working out a solution to the German question that is acceptable to all, promoting reforms in East Europe through the mechanism of the SBSE, and searching for answers to new supraregional and global threats. They

are talking of NATO as the prototype of a new structure of European security. Of course, we can discern here an effort to preserve the bloc at any price, despite the radical changes in the situation on the continent and in the world. But one way or the other, it will already be a different NATO. And in any case there is no need to long for the old East. Its new condition is entirely capable of being the transitional phase to a new condition of Europe as a continent of humanism, and the concepts of "East" and "West" will completely lose their confrontational ring and will be preserved in their only reasonable meaning—as geographic terms.

Economic Consequences of Former Emphasis on 'Fraternal' Relations

90UF0278A Moscow KOMSOMOLSKAYA PRAVDA in Russian 26 Jun 90 p 2

[Article by Aleksandr Lapin: "Revolution for Export: A Social Portrait of the Phenomenon"]

[Text] "Our land is great and rich, but there is no order in it; come reign and rule over us." This is the Russian chronicle which tells of the appeal to the Varangian princes, the brothers Rurik, Sineus, and Truvor, to come to the country. And one of them did become the founder of the first ruling dynasty.

And what one can say about later times! Tsar Peter and his closest friend, the Swiss Franz Lefort. A German woman on the Russian throne—Catherine the Second. The great country accepted everyone who wanted to work for its good and for their own.

And even after the revolution we did not withdraw into our shell. Three-hundred thousand internationalists in the army. Foreign specialists in the NEP [New Economic Policy] years. Hundreds of representatives of the Comintern in Moscow.

But everything seemed to come to an end in the fateful 1930s. However, the first symptoms appeared earlier.

In mid-March 1918 a special freight and passenger train left the side tracks of the Moscow Station in Petrograd. It was made up of international cars and platform cars loaded with automobiles. The train was departing for the northern part of the country, for Vologda. And carried diplomats from the Entente countries who had left the capital of revolutionary Russia as a sign of protest. The Brest Peace was the occasion for this extraordinary action.

Everyone knows that the Bolsheviks were the only force in the country which opposed the imperialist war and wanted the government to lose it. Naturally, they did everything to achieve that. Circumstances favored them. And the result? They took power in October 1917. And the time came to fulfill the promises given to their supporters in the grey overcoats. That is how the Decree on Peace appeared.

What did the new power expect by publishing it? To consolidate its position within the country. But what about on the front? They were relying on the solidarity of German workers dressed in overcoats and on world revolution. But the army did not wait for world revolution; they rushed away from the front. The Germans simply began an offensive along the entire front. The situation became desperate. The revolutionaries proved to be hostages of their own illusions. And then a solution was found and V. I. Lenin said the following about it: "Soviet power... is not becoming and will not become a mere formality, not when the conqueror is in Pskov and takes 10 billion in tribute of grain, ore, and money, and

not even when the enemy is in Nizhny and in Rostov-na-Don and takes 20 million in tribute from us."

That is the main idea of these and many other statements. Soviet Power must be held at any price. Even at the expense of the robbery and national humiliation of Russia.

Quite a lot has been written in our country about how the Brest Peace was concluded and how it was interpreted within the country. Suffice it to say that one of the members of the delegation sent to the negotiations with the Germans shot himself. But the reaction of Russia's allies was only mentioned in passing. Yet it certainly was precisely their reaction which in many respects fostered the civil war that began and continued so long in the country. The allies considered the new government traitors and began to give aid to the White Guard movements. So grain, ore, and an indemnity to the Germans were not the only price the people paid for a temporary respite for Soviet Power.

Those years a double standard was observed in our foreign policy too. One standard for ourselves, and another for others.

"Let the workers of the entire world know how behind their backs the diplomats in their offices sold out their lives. Lands were annexed. Small nations were uncereemoniously enslaved. The politicians pressured and oppressed people economically too. Infamous treaties were concluded." That is what the chief publisher, the seaman Markin, wrote in the foreword before publication of the collections of Russia's secret treaties and agreements with other countries. He wrote it, forgetting that it had already been decided not to publish the resolution on international affairs of the Seventh RKP(b) [Russian Communist Party (Bolshevik)] Congress "On War and Peace." And that it would be kept secret.

So why should we be surprised that 20 years later there were secret protocols and a nonaggression pact concluded with Germany?

During the war brutal reality itself forced us to follow a realistic international policy. But as soon as it ended, the fabrications were brought out again. The myth of the coming world revolution and the opposition of the two systems and its predetermined nature was revived. It is true that tactics were now changed. While the myth of world revolution relied on the foreign proletariat in the first decades of Soviet Power, and even such major writers as A. Tolstoy worked to propagandize it this way (remember the novels "Aelita" and "The Hyperboloid of Engineer Garin"), now the main emphasis was put on the might of the victorious state.

A question comes to mind. Why did the peoples of West Europe—our natural allies in the struggle against fascism—allow themselves to be drawn so easily into the confrontation? For right after the revolution they fought

against intervention very actively. But this time they immediately agreed with the politicians.

Let us seek an answer from the initiator of the intervention, W. Churchill. In his speech in Fulton, he accused the Soviet Union of threatening the freedom and security of other peoples. And he drew the following conclusion: "Judging from my meetings with Russians, I am certain that they respect force most of all." But why was the world community not indignant? Because it was afraid. Of course, propaganda was at work here too. But certainly there was something to it. The aggressive idea of world revolution. Support of national movements. Repression of our own citizens in the USSR. The fate of millions of our prisoners who returned home. The execution of the Polish officers.

The ideological myths which determined foreign policy took final shape in the 1950s. One of the most persistent and effectively exploited was the myth of hostile encirclement. That the capitalist countries were working only to prepare for war with us. Yes, the West armed itself. But was it really prepared for war just once in all the postwar years? History teaches that in order to conquer in the modern world, a country must first prepare its people psychologically and ideologically. And set up a centralized system of management of the economy which will supply the army with everything it needs. Direct all resources to military needs. Remember, cannons instead of butter. Moreover, a totalitarian regime to suppress any unorthodox thinking must be set up in the country. That is what happened in Germany in the 1930s. But in the postwar period, not one major power followed that path. And, it was precisely the Soviet Union which maintained the largest army. And was the most centralized state in the world.

Today it is no secret to anyone how our military doctrine was constructed in the postwar years. Emphasis was put on a powerful tank strike at the very start of combat actions. And then a breakthrough toward the English Channel. Our armed forces in Europe were formed in accordance with this plan. More than 60,000 tanks were concentrated in this theater. Imagine what that means. Only 1,200 machines participated on both sides in the largest tank battle in World War II, near Kursk.

Who will believe in peace-loving assurances after seeing that gigantic machine in front of them?

Quite a good job was done of working out the dogma of the fraternal unity and proletarian solidarity of working people back in the years of the revolution. It continues to have some impact on our foreign policy even now. Especially its main postulate—"socialist internationalism." The Soviet Encyclopedic Dictionary defines it this way: "A new type of relations of friendship, equality, and comprehensive fraternal cooperation and mutual aid of peoples and nations which have joined the path of socialism."

Let us analyze this concept. It means that all peoples who live in countries of socialist orientation are brothers.

And, of course, relations among them are like family relations. But in a family, it is a well-known thing, everything is held in common—grief, and joy, and property. In practice this political "familyhood" and mutual aid is defined this way: the rich older brother, the Soviet Union, unselfishly shares everything it has with its younger brothers. As a result, oil, gas, coal, and cotton from our country are sold to the countries of East Europe at prices lower than world prices. And the output of those countries—machines, furniture, clothing, fruit, and vegetables is bought at higher prices. So, the year before last our country supplied about 90 million tons of oil and 40 billion cubic meters of gas to CEMA. In exchange we bought equipment for the oil and gas industry and consumer goods. Different Western economists evaluate the results of this trade in different ways. Some believe that our losses amounted to 4 billion dollars. Others said 10. There are also those who speak of 14.

Incidentally, our friends sometimes did not resist temptation and resold the oil we supplied to them and earned hard currency for it.

But even that kind of trade did not save some countries of socialist orientation from difficulties. So then we offered them unselfish aid in accordance with the dogma. For example, we bought grain for hard currency in Canada and sent it to Cuba.

As of today we have loaned the socialist countries about 40 billion rubles in this way. Did we get this money back at any time? It is difficult to say. In any case almost 10 billion rubles worth of payments have been deferred today. And they gradually migrate from the "deferred" column to the "written off" column and disappear from the horizon.

The treaties of tsarist Russia were published right after the revolution, and then they were called plundering treaties in relationship to the underdeveloped countries. I am certain that if our workers knew the conditions of today's agreements, they would once again be called plundering. In relationship to them.

So the principle of proletarian internationalism costs us quite a bit.

Sometimes one can hear this opinion: "Stalin did not provide, but Khrushchev began to provide." Everything depends, they say, on the person who is in power. That is a wrong judgment. Right after World War II, our government refused reparations which were to be paid to us by the allies of fascist Germany—Hungary and Romania. But in 1947, when a poor harvest befell us, we gratuitously supplied the countries of people's democracy hundreds of thousands of tons of grain.

In fact, if we can define our relations in one sentence, then we are saying that not having been able to simply prove the advantages of socialism in deed, our leaders simply tried to attract friends with benefits. And this policy did not change even when the principles upon

which it was based broke down completely, as with China. But in exchange we asked for ideological unity, support in international affairs, and construction of the state based on our model. And, moreover, the right to intervene in the internal affairs of neighbors in a "brotherly fashion" was widely applied. So it was in Hungary, and in Czechoslovakia, and in Afghanistan, and in other regions of the world.

For many years the politicians tried to convince us that the Warsaw Pact was guarding the security of the socialist camp. Even though it was not quite that way in reality. For the proportion of the Soviet Union's military expenditures in the Warsaw Pact's overall expenditures totaled more than 90 percent in some years. The USSR not only supplied weapons and equipment to these countries; it maintained huge armies comparable in number to its own in them. For example, our country paid to Czechoslovakia alone 25 million koruny every year to lease military areas and almost 20 million for municipal services.

It seems that the older brother alone maintained defense and the others, speaking in movie terms, "did the crowd scene."

The word "ponaroshku" [for pretend] exists in children's games. For example, Vasya and Masha are playing in a store. He says, I give you a million rubles. And he holds out a piece of newspaper to her. And Masha pretends that she believes it. And she takes it. I remembered that game when I was studying the materials involving our trade with the developing countries. The goods, machines, and equipment we provide are real. But then we receive payment which are at times "pretend." That is particularly characteristic of trade in weapons. According to West German data, the USSR sold more than 45 billion dollars worth of weapons in the last 5 years. But do not look for this money in the budget of the country or in the Soviet Union's own pockets. You will not find it.

I would like to talk some about aid to developing countries. Up to now it has been allocated in the following way. As soon as the latest military coup would occur in some country or other, the leaders of that country would turn their glance to the USSR. They knew that all they had to do was say the magic words "We will build socialism" and aid would be forthcoming. How else could countries such as Chad, the Central African Republic, and Zambia receive it?

And it remains a complete mystery what guided the powers that be to give loans to people who live better than we do, rather than to the poor. Libya, Algeria, and Iraq—all of them are major debtors of the USSR. Even Pakistan contrived to get money, even Turkey.

Incidentally, the fate of the 40 billion which the developing countries owe us is also very problematical.

So, on the one hand, we amused ourselves with myths. On the other, we exported myths about ourselves. The

generous, bordering on reckless, aid was supposed to create the impression abroad of the USSR as a prosperous power, according to those who allocated that aid. And thus convince friends to construct the Stalinist model of socialism.

On the other hand, the countries which received our aid tried to meet our expectations. And they also created myths. Let us recall how in the 1960s we called Cuba "Revolutionary" and the "Island of Fire." The same ideological clichés were used with the developing countries: "Struggling Africa" and the "Fiery Continent." Our mass information media embraced these stereotypes. And for the time being the myths replaced the truth and lived peacefully in the consciousness of the masses. Many people even believed in them. But then the 1980s came. The press was the first to begin to speak. Then the "Iron Curtain" fell. Direct contacts began.

I will probably not forget this picture for a long time. The shoe department of a large store. Empty shelves, past which customers with lost, care-worn faces walk. And two foreign students who laugh loudly, pointing at them with their fingers.

What were they laughing at? At our poverty? Hardly. Because, judging from everything, they were from a country that is by no means prosperous. I venture to assume that they were laughing rather at our stupidity. For many years it had been drummed into them that the USSR was building communism. And now they were here. And they saw the low standard of living. The shortages. The lack of rights. The myth of the rich older brother burst.

Or here is another example. Today there are about 200,000 foreign workers in the USSR. Vietnamese, for example, travel to the country which supplies them with cement at a price lower than sand costs in their own country. The country which after the victory in 1975 wrote off all their war debts. They hoped to see a paradise on earth here. They hoped to earn some money. What do they get? Dormitories with rooms for 10 people in each. A miserly wage. Labor which local residents will not even agree to do. Shortages. The hostile attitude of the population.

And how did our population react to the debunking of the myths? We are also making some discoveries which are not very pleasant. It turns out that our brothers from the countries of East Europe by no means feel that a great favor has been done for them. And periodically they insult our national feelings by destroying monuments and graves. The Vietnamese workers frequently are involved in speculation. And the "poor" Africans and Arabs being exploited by the imperialists are not at all poor by our standards. And in general, instead of fighting for the economic independence of their countries, they prefer to undermine the economy of the USSR. And even the "beastly grin" of imperialism has paled greatly. It turns out that the capitalists are helping us both in Armenia and in Chernobyl. In addition to everything

else, the completely natural differences in psychology, way of life, and religion are playing their roles. And while before the revolution, when the borders were open, the process of adjustment flowed naturally, now familiarization with the world is going on in too compressed a period of time.

These discoveries leave their marks on everyone.

Unfortunately, the process of mythologization of thinking is taking place in many people in the other direction. Now they look at Western abundance as if they are hypnotized. But it simply is time for us to reject the myths. And see the world for what it really is.

Even today the successes of our foreign policy, which is based on realities, are indisputable. The withdrawal of troops from Afghanistan, the settlements in Nicaragua and Namibia, the normalization of relations with the United States and China, and the reduction of arms in Europe all have a positive effect on the world situation. The progress is enormous. And frequently changes happen more quickly than people can comprehend them.

So grumbling can still be heard. We are losing the status of superpower, they say; we are losing respect. We are losing the debate with capitalism.

But we are not losing; we are winning. The foreign policy of perestroika is gaining real respect in the world for us. And, in addition to everything else, it is profitable.

There is something else to complain about. That the process of abandoning fraternal relations and changing to partnership relations is going slow. And it is the partners who benefited from this process who are hindering it.

But I think that this will not continue for long. For back last year the city strike committee of Vorkuta, as an example, entered the following in its demands: "completely suspend financial aid to fraternal totalitarian regimes."

Whether we suspend aid or not is a matter for the parliament and the government. But I would like to express one thought. It is easy to leave any country, but it is difficult to return. And hence, we must be careful and circumspect and not forget about the moral aspect of the matter. We must not cast aside real friends and allies.

Deutschebank Official on Soviet Economic, Trade Issues

90UF0241A Moscow LITERATURNAYA GAZETA
in Russian 13 June 90 p 14

[Interview with Friedrich Wilhelm Christians, Deutschebank Official, by Moscow LITERATURNAYA GAZETA correspondent, Valentin Zapevalov: "Don't Underestimate the Factor of Time"]

[Text] They call Dr. Friedrich Wilhelm Christians both the "architect" of Western trade with the East, and the

European Rockefeller. He is known in our country as a prominent expert in banking, for many years has served as president, and is currently chairman of the supervisory council of Deutschebank.

Today we are presenting the interview he gave to our correspondent in the FRG, Valentin Zapevalov, to our readers.

[Correspondent] Mr. Christians, you are an honorable veteran of Eastern trade; in the West few people so knowledgeable of its secrets are found. In these last few years of cooperation, however, I think you are convinced that this is not the easiest road to follow. Do you regret the ties of your fate with the East, when there are other countries and other continents?

[Christians] Cooperation with you is not only a matter of profits. Of course, after 20 years of major efforts, the volume of trade between the FRG and the Soviet Union, as well as the European Economic Community, and the entire West with the Soviet Union, could be significantly higher. But one ought not to forget that in the Soviet Union's relations with other countries of the world, a political aspect is constantly present. Today, with the development of events in the Eastern European countries, a new situation is evolving, which must be reflected in trade and economic contacts. As a banker, I must consider absolutely everything.

[Correspondent] Nevertheless, I will repeat the question. Do you regret that you chose this field of activities with the USSR? Incidentally, how did you arrive to this idea?

[Christians] I have no regrets. I am involved not only with trade with the Soviet Union, however. In 1971, I became Chairman of the Westminster Bank in the United States, and held that post for 17 years. For many years I directed the representatives in Geneva and Zurich, the centers of the world banking industry. I observed and lived through the "cold war" period between East and West. Even then I was convinced that the division of Germany, as well as the division of Europe could not continue indefinitely, and in 1968, I announced my prediction that on the threshold of the third millennium, the world scene would be different. At the time, this appeared to be a fantasy, but today it has become reality. Even then I was convinced that the FRG and the USSR need close economic cooperation.

[Correspondent] In April 1985, your first meeting with M.S. Gorbachev took place, in the course of which you supported plans for perestroika of the Soviet economy. Since that time, new people with new ideas have emerged during his leadership. And the situation certainly has not improved. Could it be that our leadership is incompetent?

[Christians] I cannot agree with that. Personally, I am currently acquainted with many top-notch economists, people who are highly knowledgeable in business as well as highly efficient, are striving for changes, and are able to reform your economy.

[Correspondent] Could you provide several names?

[Christians] Abalkin, a very talented scholar, as are Shmelev, Andreev, and the critically intellectual and determined Popov. They are acquainted with the economic systems of the West, and are trying to turn things around in your economy.

[Correspondent] Thus, we have the talented economist-theoreticians, as you have pointed out, and one would like to believe that they are becoming very good practitioners. Is what they are doing then incorrect? Why has perestroika not brought about notable progress in the economic sphere in the last five years?

[Christians] In the first place, it has not been five years. Gorbachev came to power in March 1985. It was necessary to begin with "inventory" of the economy, and more time was needed for this than the implementation of glasnost. For this reason we need only to speak of three years of economic perestroika. Another point. Don't underestimate the factor of time. Your goal (to change the entire economic system at the roots) is absolutely correct, but you have established too short a time frame. From generation to generation your people have lived under conditions of an absolutely centralized system, which has not permitted any kind of new ideas. A deformation in thinking has occurred, people have lost the habit of thinking, and they are afraid to propose something fundamentally new. For this reason, it is above all necessary that the people themselves change and to prepare them for perestroika.

[Correspondent] But was anything done correctly in the last three years?

[Christians] You have finally realized that not only is quantity important in production, but so is quality. Gorbachev has certainly established the task of exporting to the West not only raw materials and semi-finished products, but also completed goods. But current technology and trained cadres are needed for this. Gorbachev has counted on the development of machine-building, and this is also appropriate. He has called for a renunciation in the old ways of thinking in administration and in industry, and for greater independence at the local levels. A timely slogan, but not one to be realized momentarily. You need time and training of new leadership cadres and managers...

You advance the idea of joint enterprises, hoping that in such a way you will gain access to the latest technology and management, you plan to produce and sell products in three countries. From the first day I announced that this idea was doomed to fail.

[Correspondent] But why?

[Christians] Without a domestic market, success is impossible. The partners, whom you are seeking in the West, are silent partners. For the practical businessmen have their own positions and interests in the three countries, and they do not lose their customers for the sake of doubtful joint enterprises in the USSR. They will

not risk their reputation on the world market by producing joint poor-quality goods.

[Correspondent] Does this mean that the joint enterprise is hopeless?

[Christians] That is not what I suggested. Certainly they are needed as in your country as a form of transmission of Western experience. Besides, the fruits of your economic reforms are still a long way off, and for this reason they are able to help satisfy your consumers. But again you have been hampered by the old ways. I am constantly hearing that in the USSR 100, 1,000, 2,000 joint enterprises have been created. But how many of these are functioning and in what spheres? Approximately 10 percent of 1,400, or 140. And in the basic trade sphere of service. But how many in the sphere of production? Only 5 percent of this number.

[Correspondent] The West might also be blamed. If you want to help Gorbachev, why is the West not ready to permit the USSR to the world market with the high-quality products that we do have? Last year you visited the Baikonur Kosmodrome, and forged plans for cooperation in space, but where are the results?

[Christians] I must call your reproaches justified. After the visit to Baikonur, I am openly stating that the Soviet Union is preeminent in the mastery of space, and I noted the high degree of safety of your equipment. I was also disappointed that this equipment cannot be used by the West. We should grant the USSR the opportunity to cooperate with the West in these spheres where you are competitive.

[Correspondent] Why then is this not happening?

[Christians] Competition. Americans and Europeans have expended millions on Ariane and thus far have not recovered their expenditures. Moreover, again owing to the recurrence of the Cold War, they speak out: The Soviet Union was first in space and the West must best this. This is the pursuit of some kind of military goal since the launch of sputnik.

[Correspondent] This is a dead-end situation as is the Kolsky Peninsula project.

[Christians] No, here the plans have been outlined. I visited the Kolsky peninsula and am convinced that this is important for Western European industry, with its rich and useful mining regions, the likes of which one finds only in southern Africa or Australia. We should act together. I am glad that not long ago in the Apatit Mountains the first joint Soviet-West German enterprise was set up.

[Correspondent] There has been talk, however, that the Germans and the West only want to take what is needed by them from the Kolsky Peninsula. Are they not prepared to exploit this region jointly?

[Christians] If we speak directly, then this assessment is correct. Cooperation, however, implies adherence to one

rule: it must be beneficial to both sides. Moreover, in every new activity, an element of risk is present. For you, the entire risk is borne by the government and Gosplan. For us, it lies with the leadership of individual firms. The enterprise must plan in such a way that its expenditures are warranted, that is, expenses must promise profits. Any political motives are secondary.

[Correspondent] Returning to our problems, what about conversion of the ruble? An interregional group in the USSR Supreme Soviet believes this is possible by 1991. The USSR Finance Minister Pavlov says the year 2000. Who is closer to the truth?

[Christians] The foreign currency question is impossible to resolve as a single issue. The availability of foreign currency conversion is evidence that the economic state of the country is healthy. This means that capital and resources are being used appropriately, goods are being supplied to consumers regularly, and the political situation is stable. This is not the current state of affairs in the USSR, so it is impossible now to implement conversion of the ruble. It is necessary to go by stages to partial convertibility of the ruble. This calls for a transitional period, in the course of which the real value of foreign currency will be determined, as producers and consumers of goods as well as emissive institutes in domestic and foreign markets recognize its true value. A partially converted ruble will be a connecting link under these conditions between the domestic and foreign market, permitting real price comparison between the Soviet market and the world market.

Prerequisites for the introduction of a partial-convertibility of ruble and the acknowledgement of it as an international currency are: The USSR has at its disposal significant amounts of raw materials and gold, for which there is a demand on world markets. Your solvency is not considered questionable. But gold is dead material. It is necessary to activate these assets.

And another thing. For too long you have freely used the money-printing machine without producing the identical quantity of goods of material value. As a result, you have excesses of currency totaling nearly 200 million rubles. They must be absorbed immediately. For example, sales of state apartments in the private sector, sales of state-loan bonds under high interest rates. The state must remove the money received from circulation and immediately destroy it. In so doing, the value of the money remaining will increase and it will be possible to go further.

Calls then, I repeat, for a quick monetary reform, are unfounded. It would lead to complications in the social-political situation in the country. Even if the value of the ruble is lowered to a rate of 1:10, goods would not appear in the stores.

[Correspondent] What about price reform?

[Christians] It is immediately necessary. You have thus far been living with administrative prices, not comparable with the costs of production. The sooner you put

them into a common denominator, the greater the chances for success in your reform.

[Correspondent] I must address a project with which you are particularly intensely occupied, the idea of the Kaliningrad Industrial Zone. Is there anything new, any kind of movement here?

[Christians] I have new concrete proposals I hope to present to the Soviet leadership. The Kolsky Peninsula project and the Kaliningrad Industrial Zone project are tightly linked. Kaliningrad is located on a line that unites the Kolsky Peninsula with Western Europe. It is here, nearby, that Finland, Sweden, Leningrad, and the Baltic republics are located, as well as the Baltic Sea. In Kaliningrad it would be possible with investment aid and tax advantages to gradually create an industrial technological center for joint enterprises and on the whole turn the city into a free-trade zone. This project should not be limited to cooperation between the USSR and the FRG, but also include the GDR, Poland, and the Scandinavian countries. All this has a political aspect to it. The metaphor about a joint common European home needs to be reinforced by concrete projects and ideas in order not to lose its attractiveness. As a result, the processes originating in Europe of the military significance of the Kaliningrad region have been reduced. However, Kaliningrad can and in the future will be a military sea base. Because Kaliningrad is located on the periphery, this entire region has been given the role of stepdaughter in the great Soviet land. Finally, Kaliningrad could become an alternative site for the resettlement of Russian Germans. On a volunteer basis, that is. In this sparsely-populated and open military zone, no one would be crowded in among the people currently living there. It is unnecessary to look in my plans for some kind of "secret agenda."

[Correspondent] I have the impression that each person in the West has his own "iron" plan to profit from our economic crisis. You have provided a great deal of practical advice. And in briefly summing up your position, what is your prescription for the Soviet economy, its outcome on the world level?

[Christians] Patience and follow-through. Careful handling with time and renunciation of attempts to create impractical tasks.

DUSSELDORF

Export-Import Organizations' Need to Reregister Explained

90UF0255A Moscow PRAVDA, 15 June 90 p 2

[V. Shestakov, Deputy Minister USSR Foreign Economic Relations Ministry, Explains Need to Reregister: "Without "Dead Souls""]

[Text]The USSR Foreign Economic Relations Ministry has begun the reregistration of participants in export-import operations. Deputy Minister V. Shestakov reports on why and how this is taking place.

The registration has gone through and to date participants in foreign economic relations from more than 16,000 organizations received certification.

The registration is a mandatory procedure. To be certified for it is a kind of foreign-economic start in life. Requests for registration are granted upon verification of an organization's ability to carry out one or another export-import operations. Priority remains with the enterprises, whose goods for export are produced by the enterprises themselves, and whose foreign economic activities are carried out on the basis of their ability to bring in currency.

The nomenklatura involved and volume of export-import intermediary operations is determined at the stage of registration and is regulated by a decree of the USSR Council of Ministers of March 7, 1989, "On Measures of State Regulation of Foreign Economic Activities."

It must be said that thus far not all the participants in foreign trade have presented themselves. Production and advancement in the market, above all with the existing machines and equipment, has proven not to be a simple task for many people under conditions of competition. Independent new participants have taken the path of least resistance. They have engaged in intermediary activity, have not specialized in a certain area, and at times violate the norms prohibited by a separate category of organization to engage in the buying up and resale of goods.

Intermediary activities of joint enterprises, including the buying up and resale of goods is becoming widespread in practice. For many joint enterprises, it is becoming a de facto end in itself to the detriment of production activity. Joint enterprises, with deductions allotted to them in the state budget and in the payment of taxes frequently do not conform. They export abroad, as a rule, raw materials and other deficit goods without corresponding deductions in the budget instated, in order to develop their own production base.

Experience in registration has been accumulating for a year, normative acts have been specified, and typical violations of order in export-import operations have been systematized. Requests for how to add information to the new contents of the State Register have been processed.

The objective need for specific information in registration documents has increased. The work has already started and is being carried out by the commissioner of the International Bank for Economic Cooperation along with the basic registration. The actual activities of the registered organizations are considered in this procedure, corrections are added, and inaccuracies corrected.

To be unqualifyingly stated at the registration stage is an enterprise's true ability to carry out foreign economic activities, for which it is essential to have a production base, to obtain specialists, and to guarantee liquidity.

Also significant is the availability of technological resources like international telephone lines and the telex.

These and other matters are being analyzed during the necessary work of reregistration. It is important that this work be conducted in close cooperation with Soviet government organs on local levels in order to avoid the possibility of "dead souls" on the State Register, to avoid giving vouchers to second-hand dealers, and to create normal conditions for work in foreign markets by producers who are concerned about increasing the quality and competitiveness of their products.

In our view, with respect to reregistration, one must be careful in approaching the subject of mediation, not forgetting that this area of activity is sufficiently specialized, demanding a high level of qualification. An institute of qualified mediators who have specialized in this area must be created in the country.

Nothing troubles honest and conscientious exporters and importers. In that regard, persons who only intend to be involved with foreign relations should examine their real capabilities and desires with regard to specific requests in order to correctly outline a program of activities in advance, while still "on the shore," before stepping into the "open ocean" of the world market.

Role of USSR Trade Center in Changing Economy Explained

90UF0272A Moscow IZVESTIYA in Russian 24 Jun 90
Morning Edition p 3

[Interview with Vladislav Leonidovich Malkevich, chairman of the presidium of the TPP (Chamber of Industry and Commerce), by M. Berger; date, place, and occasion not specified]

[Text] Foreign economic activity, despite major reorganizations in the structures of this sector, has not strengthened our country's positions in international trade. On the contrary, the old problems have become even more aggravated: deformed structures of export and import; the noncompetitiveness of most export goods; higher foreign debt... Although it would surely be strange to expect that an economy which is experiencing crisis should at the same time conquer the world market.

But what are our immediate and long-term prospects in this area? How may the situation change for the better and what, specifically, can such a notable foreign trade organization as the USSR Chamber of Industry and Commerce do and what is it doing to achieve that? V. Malkevich, the chairman of the TPP presidium, answers these and other questions.

[Berger] Vladislav Leonidovich, let us begin with an explanation of the most elementary things: what is the

TPP and what are its functions? Is it necessary, when we already have the Ministry of Foreign Economic Relations? I am afraid that for a large number of our readers all information on the TPP is limited to the fact that it is a foreign trade firm where it is prestigious to work and that it is one of the variants of the former Ministry of Foreign Trade or the present Ministry of Foreign Economic Relations. While your department is involved not so much in trade, as in helping develop our export potential.

[Malkevich] First of all the Chamber is not a department and not a ministry. The TPP is a social, nongovernmental organization which is supposed to reflect the interests of enterprises, associations, cooperatives, joint ventures, and its other members in the sphere of foreign economic activity.

[Berger] But I see a government phone on your desk, and I could name other "ministry attributes" too.

[Malkevich] In our country everything traditionally has to be equated to something else. We have been equated with a Union department in order to know how much money to pay to whom, even though the Chamber is definitely a cost-accounting organization, that is, we do not take even one kopeck or one cent from the treasury. However, the Ministry of Finance and Goskomtrud [State Committee for Labor and Social Problems] set up the staff schedule for us—such are the paradoxes of our economic system. But in this case that is not the most fundamental thing. As for government and direct communications, they are necessary instruments for effective work on our level of responsibility.

Let us return to our functions. For a long time the Chamber, if it was known at all, was known above all as an organization of various, at times pompous, expensive and low-yielding exhibits here in our country and abroad with cliché souvenirs, amateur performances, and minimum interest on the part of business circles. The orientation of these exhibits, in the spirit of the times, was propaganda.

[Berger] Would it perhaps have been beneficial to abandon this unprofitable activity and focus efforts in other directions?

[Malkevich] It would have been unwise to abandon it. We decided to hold exhibits on a commercial basis. The person on the stand should be prepared to answer the question of any visitor: this unit, for example, costs 5,000 dollars and delivery time is eight months. If the answer comes that this exhibit sample does not have a price and no one knows when there will be one, we simply will not accept the display. The time of displaying things for show is past. Despite gloomy predictions, our first experience of purely commercial exhibits was successful. That exhibit, organized jointly with the American-Soviet Trade Council, was held in New York in October 1988. It was not very large and had no busts or red calico, but it did have joint ventures and cooperatives participating. The exhibit not only compensated

the expenses to organize it but also brought the Chamber for the first time in its history a high honorary prize, a kind of "Oscar" in the field of commerce—the Silver Anvil.

"Conversion-90," held in Munich in late April and organized by us, was no less successful; it demonstrated more than a thousand samples of 300 enterprises of the defense complex. In addition to the interest of the ministries of defense of the FRG and the United States and international organizations and institutes, businessmen also showed concrete interest. More than 100 official proposals by American, Japanese, West European, South Korean, and others firms for cooperation were recorded at the information center in the 6 days.

Exhibits are only one and not the most significant direction of our activity. One of the Chamber's main tasks is to help develop exports by offering a large number of services: search for partners, market study, cadre training, and holding of exhibits, conferences, and business meetings.

But we should not merely help. In my opinion, this verb resounds with lack of responsibility: a person who merely helps is not answerable for anything at all. We intend to participate directly in developing export production, for there is no way to improve our foreign economic positions other than increasing the competitiveness of export as well as other production.

[Berger] But how do you intend to participate in this? With good advice? Exhibits?

[Malkevich] Good will and quality information must not be underestimated; there is too little of them in the business world. And a well-organized exhibit certainly does not deserve your irony, since it is wonderful publicity which yields a concrete commercial result. At the present time, unfortunately, our Soviet entrepreneurs do not understand that.

But we naturally do not intend to limit ourselves to that alone. We are now working on creating our own Trade-Industrial Bank. Distribution of centralized resources, including currency resources, free of charge, which is now being widely applied, is becoming corrupted. Why fulfill export plans when hard currency, also in accordance with the plan, will nonetheless be provided, regardless of how efficiently the capital already allocated was spent? Listen, it is embarrassing to say, but despite enormous investments, our country is selling 56 million rubles worth of machine tools and equipment and 400 million rubles worth of automobiles and tractors all told for hard currency. So we will live with our hand outstretched for many years to come or eat up our raw material reserves.

The Chamber has free capital, though not a lot of it. Our bank will be able to finance the development of production facilities of the most promising exporters; and that will put people who provide money and those who receive it in an altogether new position. First, it will be

possible to get credit just by convincing our bankers that the project being financed is a solvent one, and, second, unlike centrally allocated money, credit will have to be paid back, and with interest, so the production facility is simply obliged to make profit.

[Berger] But just one Trade-Industrial Bank, no matter how successfully it operates, will hardly serve our entire export potential. That is, I want to say that it is clearly not enough to merely change from helping to vigorous actions in the export arena.

[Malkevich] All, the entire, the largest, the broadest, the greatest are all symbols of empty pretension of the time of stagnation, in my opinion, and it is time to forget them. Of course, our bank will not cause a revolution; it will simply act as an active commercial unit, along with our other new and traditional structures, by creating, we hope, better conditions for our country's full inclusion in world economic relations. The multibranch, transnational "Trade House" being created in Finland with the participation of Soviet foreign trade and industrial organizations and enterprises, as well as foreign trade houses and firms, will serve this purpose.

The creation of the joint-stock company "Trade House" will help resolve questions of export-import, commodity turnover, and other foreign trade operations efficiently and on a high professional level. In other words, we will be involved in that very thrice-cursed intermediary activity without which, whether we like it or not, neither foreign trade nor domestic trade can exist and without which civilized market relations cannot exist.

Incidentally, in general I assume that the joint-stock form is the future of our economy. No particular models of cost-accounting, with their hypothetical independence, or leasing, which essentially preserves administrative ownership, resolve the most acute and important problem of all reform—the question of ownership. And without that, there will be no independence for enterprises and no decentralization; in short, there will be nothing new.

[Berger] That's all fine, but it's just plans. What is the Chamber doing right now?

[Malkevich] Let us begin with the expert commissions. The enormous detachment of experts verifies a large part of the imports, especially industrial goods, coming into our country. We also verify high-quality export goods, and firms trust our expert appraisals. We are involved in patenting inventions in the USSR and abroad. This work is labor-intensive and subtle and requires great skill.

A new association, "Vneshekonomservis," was created recently and it bears the main responsibility for rendering a whole complex of consulting services to enterprises and prepares organizing documents and contracts and, if the client so desires, may sign them by proxy. Translation services, both oral and written, make up a large part of the income of Vneshekonomservis, which, incidentally, paid for itself within the first year and a

half. It is true that recently competitors have invaded various spheres of our activity; those competitors are associations, joint ventures, and cooperatives.

[Berger] And how do you feel about that? Are you jealous?

[Malkevich] More like excited, although in some cases we lost the monopoly. But competition is a healthy thing and a constructive one. We ourselves have set up several cooperative firms based on the Chamber's branches. For example, the cooperative firm Kurskvneshservis, which grew from an ordinary commodity expert commissions office, has developed impressively. Consultations, advertising, translations, and many other types of activity have quadrupled annual turnover. It is also interesting that the firm has changed to a nonsalary system, where labor payment is a deduction from income. The Chamber's regional branch in Voronezh, allow me to note, is a founder and collective member of this cooperative firm and receives dividends from its participation.

Essentially, we get a kind of prototype of joint-stock companies from such firms. As I already have said, there is a future for these new forms. Cooperatives are most likely more suitable for small and medium branches of the Chamber and joint-stock companies—for large branches.

[Berger] You were talking about the future. What do you think it will be like and do you think the Chamber's role in this future will change?

[Malkevich] In principle I believe that the state of things where the Chamber of Industry and Commerce serves the foreign economic sector exclusively is abnormal. Despite how important this direction is—our representatives work in 40 countries of the world, among them some with which we have no official relations (South Korea, for example, and soon—Chile and Israel)—and despite its large scale, we should not limit ourselves to export-import problems alone.

With the transition to a market economy, our Chamber, like similar institutions of most developed countries, should become the representative of the interests of entrepreneurs both within the country and outside its borders.

[Berger] Isn't the fundamental desire to simply get as many enterprises as possible to join and, hence, to receive more capital from membership dues behind this? Incidentally, how much do those who are already members put into your treasury?

[Malkevich] That is determined by the volume of production, but in general the dues are not large. For the largest it is 5,000 rubles. The main source of our income is services. They bring us about 200 million rubles a year. But in terms of the proportion of dues and in the area of prices for services we try to adhere to a policy of reasonable sufficiency.

Yes, we are of course interested in attracting new members, but that is absolutely voluntary. In a market economy there should be institutions which defend the rights and interests of producers and entrepreneurs. Incidentally, in some countries with developed democratic traditions (the FRG, Austria, Italy, the Benelux countries, and certain others), membership in trade or economic chambers is obligatory.

[Berger] But that is encroaching on freedom of choice.

[Malkevich] In those countries it is not considered infringement of freedoms but a guarantee of equal rights to services of influential national organizations such as economic chambers, despite turnover or profit of the particular firm. I think that if market relations develop normally in our country, then we'll reach that point too.

[Berger] But we haven't yet?

[Malkevich] For now we must indoctrinate the real businessman and the competent entrepreneur who can do business with any partner as an equal. Even now, under an agreement with business circles of the United States, the FRG, Italy, Austria, England, and other countries, the Chamber is training managers both in our country and in these countries under programs of various duration. Many companies and universities offer these services under preferential conditions.

[Berger] What are they doing that for?

[Malkevich] The approach is a simple and logical one: one must pay in the present for the opportunity to have a competent partner in the future. It is instructive that many firms and institutions participating in programs to train our specialists note, as a rule, their relatively high engineering training along with their very weak, simply undeveloped, business thinking. But should we be surprised at that, when for decades we have indoctrinated hostility toward business people and the word "businessman" [kommersant] has been used only in the negative sense? If you like, we should have started reform with indoctrinating respect for initiative and entrepreneurs, for only people who know their work, think and act independently, and boldly take a risk are in a position to implement the idea of market relations. Without them the creation of market laws will be stillborn.

We must use every means to protect our businessman from the narrow-minded hostility, envy, and vengeance of those who are infected with the virus of indifference and laziness. Incidentally, protecting the entrepreneur when social conflicts or other situations arise is the direct concern of economic chambers in many civilized countries, just as participating in negotiations with trade unions on the work providers' side is.

[Berger] Vladislav Leonidovich, you said "with the transition to a market." What do you think the prospects are for our country to assimilate it and what is needed to do it?

[Malkevich] We must have real money, and that means a financial policy which is thought out in detail. For today our ruble is not convertible not only outside the country but even inside it. Poland's successes in recent months are convincing evidence of how many things are constructed on internal convertibility of national currency. The internal convertibility of the zloty in practice provided the opportunity for each economic organization to import the necessary goods for hard currency. How did that become possible?

Back last year a multitude of currency exchange rates operated, almost like in our country. This year a uniform rate for exchanging zlotys into foreign currencies was introduced; and that was a major step toward creating an integrated currency market in the country. A series of devaluations resulted in the fact that for the first time after the War the official exchange rate for the Polish currency in relation to the dollar exceeded the "black market" rate, and Poles now sell hard currency to state banks at the official rate, while hundreds of exchange offices stand empty. The interest rate for deposits in zlotys, which is attractive to the population, also played a role. Finally, the high customs duty made importing many goods unprofitable, Polish "commodity tourism" declined, and demand for foreign currency declined.

Most likely, we also need to devalue the ruble, and to do so we must know its price. To do that a monetary market must be formed and monetary turnover within the country must be reinforced. But, of course, the main source of hard currency in any country is exports.

[Berger] But recently people have gotten the feeling that we want to have hard currency without exporting anything. A series of scandalous "revelations," like the story with ANT [expansion unknown], is cutting off more and more sources for obtaining hard currency. The Draconian licensing policy in practice nullifies the idea of giving everyone who wants it the right to international commerce.

[Malkevich] I should say that licensing of foreign trade operations is quite widespread in world practice. It is more often political in nature, it is true, as in the case with the well-known COCOM [expansion unknown] lists.

But our restriction practice looks very strange. Permission to sell one's own output exclusively—our well-known hostility toward commodity mediation—is, by the way, one of the main reasons for a number of failed deals made by new merchants recently. By eliminating professional middlemen from the work, we have literally pushed a mass of dilettantes into the market—for every producer must himself do the trading. And now we are hastening to use their mistakes to introduce new restrictions and prohibitions. All this hurts the interests of exporters and repels entrepreneurial initiative.

Moreover, the licensing procedure which has taken shape as a result of a number of governmental decrees and decisions clearly creates departmental monopolies.

Issuing of licenses is done by the appropriate ministries and, as a result, state interests are frequently subordinated to departmental ones. The persons and organizations involved do not have the right to judge the expediency of one foreign trade transaction or another. That is like giving the referee the right to kick the ball in soccer.

Referees should be impartial. And some other particular department for issuing licenses does not necessarily need to be set up, though such ideas are sometimes expressed. The MVES [Ministry of Foreign Economic Relations] could be the judge, but with one condition—it must be freed from commercial functions. Then we can be sure that both governmental and commercial interests will be observed.

[Berger] Well then, judging from everything, the Chamber is looking at a market future with confidence.

[Malkevich] The market itself won't come any faster because of that, it is true. And that is understandable; the market cannot be introduced in one day by decree—the concept stands for too much. But to look in any other direction is to look to the administrative-command past and deprive ourselves of the future.

Issues of Soviet Property Holdings Abroad Discussed

90UF0270A Moscow IZVESTIYA in Russian 24 Jun 90 Morning Edition p 6

[Article by E. Guseynov and G. Stepanov: "Soviet Property Holdings Abroad: How Much? What Kind? What For?"]

[Text] Soviet property holdings abroad—up to this point, let us say directly, little information on this subject has been known to the ordinary citizen of our country. Perhaps that is the origin of the conjectures and rumors on how much there is, as well as hopes to take advantage of them for the good of the reforms that are being carried out in the USSR today. Today we will tell about a significant but by no means exhaustive part of those property holdings—property which is for the use of the USSR Ministry of Foreign Affairs [MID]. O. M. Tulinov, chief of the USSR MID Capital Construction Administration, kindly agreed to help the IZVESTIYA correspondents do this.

[Correspondent] Oleg Mikhaylovich, perhaps we should begin with the most important thing: what does the concept of real estate mean as applied to USSR property holdings abroad which are for the use of the USSR MID?

[Tulinov] That is property which belongs to the USSR and is used for the normal operation of our country's embassies, representations, consulates, and missions. It includes plots of land and buildings and structures, as well as various kinds of equipment and implements, among them all the life support systems for associates and members of their families.

If we are speaking of the forms of this property, there are three: real property of the Soviet state, long-term leasing for a period of from 30 to 99 years, and short-term leasing. In all our country owns 460 hectares of land used by the MID throughout the world—that includes urban developments and park zones as well as 670 buildings and structures with a total area of 850,000 square meters.

[Correspondent] And how much is all this valued at?

[Tulinov] The balance value, including implements and equipment, is approximately 2 billion foreign exchange rubles. But to that I should add real estate which we lease: 30 hectares of land and 315 buildings with 200,000 meters of usable area. The cost of leasing all this is another 8 million foreign exchange rubles annually.

[Correspondent] Aren't the figures you named too high for our country, which is not very rich, as it now appears?

[Tulinov] No. Above all because these figures are comparable to the values and expenditures of countries which have just as dense a network of diplomatic ties as the USSR. But that is not the only point.

The buildings and territories which belong to the MID are the face of our power abroad. Understand me correctly, we are not talking of ideological clichés. Some of the USSR embassies and consulates are located in buildings which were left to us from tsarist Russia. As a rule, they represent genuine works of art erected and decorated by the best Russian architects and masters who preserved the atmosphere—furniture, pictures, and sculptures—of past centuries. Such, for example, is the building of the general consulate in Istanbul, which was built back in 1845. The MID has a 30-hectare parcel of land in the center of Rome. It is the territory of the villa given to the Russian government by Prince Abamelek-Lazarev. Today it is part of the zone of the Soviet embassy. There are monuments of ancient times on the villa's territory, and the Italians themselves say that owning this beauty is just like having Aleksandrov Gardens on your own property in the center of Moscow. The buildings of USSR embassies in Paris, on Grenelle Street, and in Washington, not far from the White House, are also of enormous value.

The value of these structures is well known abroad. And people watch carefully there to see that we know how to preserve invaluable artistic wealth, which they think shows the general level of culture of the people of our country and their government. For that reason expenditures for maintaining MID property in order is an issue of the country's prestige. And, of course, a good investment—for real estate is not getting cheaper. It will pass on to future generations of Soviet people, and we must not forget that.

[Correspondent] You mentioned that some of the property came to us from old Russia. How much of it? And does the process of obtaining real estate go on in our day?

[Tulinov] Before the revolution Russia had 9 embassies and 38 missions abroad. All of them were transferred to the use of the Soviet State. But it was impossible to limit ourselves to that, of course. Property is acquired even now—we could not make do with only what we inherited from prerevolutionary Russia. In such cases a deal is carefully worked out from financial and legal positions, because we cannot afford to squander capital. We try to buy or lease the needed property as advantageously as possible. These documents are approved in the very highest echelons of power and are then recorded in the title books of the municipality where the purchase or lease was done. The extract from the title book—and only the original—is for all time the main document which affirms our country's right of ownership to the particular item of real property.

[Correspondent] You mentioned technical equipment of diplomatic representations as part of Soviet property abroad. What are you talking about?

[Tulinov] Among the main requirements for the operation of USSR embassies and other diplomatic representations abroad is their ability to support the activities of the diplomatic apparatus and normal living conditions for all associates and members of their families fully and using their own resources. In critical situations too. Suffice it to say that according to norms adopted, if the outside energy supply to an embassy ceases completely, the supply must be reestablished within 2 or 3 minutes using the embassy's own resources.

Therefore, a large share of the value of what we call real estate is engineering-technical equipment: security systems and automatic life support, communications, and various types of lines of communication.

If we are speaking of the volume of this equipment, then, for example, 389 stationary diesel generators, 151 television receivers (both through satellites and using cable systems), 342 stationary movie projectors, 215 ATS's [telephone switchboards], and equipment for telex and facsimile communications operate in the 211 institutions abroad whose activities are fixed by law. Moreover, normal operation is assured for 146 schools for children of Soviet citizens, and of them 16 are secondary schools.

In order to keep all this complicated equipment in normal working order, just as to preserve architectural ensembles and artistic treasures of diplomatic institutions abroad, fairly large expenditures of money are needed. To do this, from the USSR alone we send more than 1,000 specialists—from technical trouble-shooters to architects and restoration workers—on business trips every year.

[Correspondent] Obviously, these jobs also cost quite a bit of money.

[Tulinov] According to estimates, allocations for these needs should be at least 3-5 percent of the balance value of this property every year. All the necessary capital comes from one source—the state budget. But we have

not escaped the eternal problem of many of our other undertakings. I mean the desire to save money in places where it is not advantageous to do so. As a result, the real allocated amount is one-third to one-fourth the amount of the norm which I named. For comparison I will cite those same Americans who spend much more than we do for these purposes—50 million dollars.

[Correspondent] What Soviet organizations, other than MID, own real estate abroad? Is the amount of their property comparable to the figures you gave?

[Tulinov] Other than our ministries, a large part of the property is on the balance of the MVES [Ministry of Foreign Economic Relations], which corresponds to approximately 60 percent of the amount of MID real estate. Then comes SSOD [Union of Soviet Societies of Friendship and Cultural Ties with Foreign Countries] (20-25 percent), the Ministry of Maritime Fleet, the Ministry of Fish Industry, Aeroflot, APN [Novosti Press Agency], and TASS. But here we are already talking of substantially smaller amounts.

In addition, the amount of property of various Soviet organizations and enterprises abroad is constantly growing. The creation of joint ventures and new conditions of foreign economic activity have only whipped up this process. And from our point of view, it does not always go on rationally. As a rule, in setting up a new branch abroad, whether it be an information or an economic organization, Soviet institutions invariably try to buy or lease new space.

Meanwhile, we frequently could offer them area in spaces or on land which already belongs to the USSR. Or give assistance and advice in obtaining real estate, for we have accumulated enormous experience; our specialists are very familiar with the laws, prices, and market conditions of all countries of the world. This coordination of economic efforts under the aegis of MID services would allow us to save a considerable amount of money.

U.S. Firm Proposes Investment in Pulp, Paper Industry

904A0458A Moscow *RABOCHAYA TRIBUNA*
in Russian 27 Jun 90 p 1

[Article by William L. Adams, Ph.D., vice president at ABB [Asea Brown Boveri]: "RABOCHAYA TRIBUNA Action: Where Does the Paper Roll Go?—The American Firm 'ABB' Proposes to End the Paper Shortage in the USSR; Who Is Against It and Why?"]

[Text]

Respected Mr. Chief Editor:

It is with much interest that we, employees of the Soviet-American joint venture "Pris," have followed the debate on the pages of RABOCHAYA TRIBUNA devoted to the paper crisis in the USSR. The point is that our firm, Asea Brown Boveri (ABB), the partner and founder of the joint

venture, builds engineering systems which allow an increase in paper production without building additional production capacities. I will be very grateful to you if you allowed us to share a few ideas on these issues that are so important to your country.

In his interview with *RABOCHAYA GAZETA*, V. Melnikov, USSR minister of the forestry industry, stated that currently the gap between demand and production amounts to over 200,000 tons of paper a year, including 100,000 tons of newspaper rolls. According to him, the Soviet Union, with its huge forest resources and 400 paper and paperboard machines, is in the 42nd place in per capita paper use, behind the GDR, Czechoslovakia and Hungary. We were told that many leading publishers purchase paper abroad. Clearly, the pulp and paper industry in the USSR faces the critical need to promptly increase output and raise the quality of its paper and paperboard.

The recently founded joint venture "Pris-ABB" has established contacts with a number of combines to supply automated production control systems. This will allow them to improve quality while increasing production with minimum outlays. The program calls for installing automated systems at 20-80 of the largest plants, introducing the latest methods of production process control. As a result of this, productivity will rise 5-20 percent, while the quality of output will reach world standards. To carry out this program you will need to invest \$20 million to \$40 million over 2-3 years. To achieve a similar increase in production and quality by installing an additional machine, you will need \$200 million over 2-4 years.

As Minister V. Melnikov stressed in his interview, the industry faces a dilemma: to increase production capacities, the industry either lacks hard currency completely or is desperately short of it. At the same time, to cover its shortage, the USSR is forced to import over 100,000 tons of paper a year at a cost of \$40 million. This is more than the entire cost of the automation and modernization program. Every additional day that the modernization program is delayed, the Soviet Union pays \$110,000 for the very same paper that could be made domestically by Soviet enterprises.

The unique cooperation between "Pris-ABB" and the combines was meant precisely to solve this problem in the most realistic and effective way. Since the final goal of the automation program is to increase production and to raise the quality of output to world standards, there is an opportunity here to use a share of increased production to fund the automation program itself. We think that half of the increase in output could either be sold at the world market or cover the hard currency outlays on automation at every combine over 1-3 years. After that, the entire production increase will be used in the USSR.

While to meet the long-term demand of the USSR for paper and paperboard additional capacities will have to be built, the long duration and the high cost of such

measures make them impractical for addressing the pressing needs of the country. I repeat, each new paper-making machine and pulp production line costs some \$200 million. It takes at least three years to begin producing at capacity. It is doubtful that the USSR can afford to wait so long.

The crisis situation with paper mentioned by Minister V. Melnikov is familiar to us, partners in the deal between "Pris-ABB" and the complexes. But it cannot be said about representatives of the bureaucratic apparatus. Instead of supporting our efforts and encouraging smooth and successful work, officials insist on clarifying piddling details which in the final analysis have no impact on the overall cost at all, but delay projects for months. For instance, we proposed to deal directly with the combines, but they talk about an intermediary link, the "Eksportles" association. Each day of delays in the program costs the industry \$50,000 to \$100,000.

Only first steps have been made in accomplishing our program. Together, "Pris-ABB" and the combines have drafted a program to deliver automated systems from the West to the USSR. Meanwhile, we train Soviet engineers and build the industrial base to service the machines and to organize their delivery. In short, this is not a set of short-term measures to solve a current problem but a means of pushing the USSR to the world level of automation in the pulp and paper industry. Once it is implemented, it will help solve the paper crisis quickly, using existing Soviet capacities and specialists.

For this, we have worked together to organize the sale of a share of the production increase for hard currency to fund these programs. If need be, we may finance the program with credits. We have already started the joint production of systems for the Solikamskiy and Konopozhskiy pulp and paper combines and are working together with a number of others. The American side appreciates the interest expressed by the combines, the ministry and other entities supporting our efforts. We hope that together we will be able to solve your acute paper shortage.

Editorial comment: Taking into account the extraordinary situation with paper in this country, *RABOCHAYA TRIBUNA* appeals to N.I. Ryzhkov, Chairman of the USSR Council of Ministers, to review the ABB proposal immediately, at the government level.

U.S.-Soviet Firm Formed To Help Emigres Find Work

90UF0271A Moscow *IZVESTIYA* in Russian 25 Jun 90
Morning Edition p 4

[Article by S. Mostovshchikov: "A Business-Like Farewell to the Motherland, or How To Find Work in Emigration"]

[Text] Emigration from the USSR, it seems, is beginning to acquire not only large-scale but also civilized forms. In any case, there is an event in our domestic market:

services specially intended for citizens who have decided to leave the Soviet Union have appeared. A certain "Prodyuser" office, which opened in Moscow recently, is undertaking along with the American firm MacQuirk Consulting Company to search for work abroad for future emigres.

The managers of Prodyuser, Grigoriy Borisovich Feikelson and Igor Mikhaylovich Kleyner, received me in a small office in the center of Moscow. However, the businessmen categorically refused to give any details on their office's work or to give information about the firm MacQuirk Consulting Company with whom they cooperate. It is a new business and the producers are afraid that the press might harm them. Grigoriy Borisovich and Igor Mikhaylovich diplomatically promised that when they have "evolved," they will invite me for a talk.

Honestly, I never got an invitation, so I will venture to tell the reader what I found out myself. The Prodyuser office was set up at the youth center "Youth Initiative Fund" of the Fruzenskiy Raykom of the Moscow Komsomol. The commercial idea is as simple as the truth. Thousands of people leave the USSR and sooner or later draw the discomfoting conclusion that there are few people waiting for them abroad. It is very difficult to find a good job in the settled labor market. But Prodyuser offers to look for firms in the United States, Australia, New Zealand, Israel, and other countries which might be interested in what the future emigrant is able to do right from here, from the USSR.

The advertisement recommends that you telephone Prodyuser. A woman's voice answers and in response to inquiries suggests that you leave your address and wait for a letter from Prodyuser.

During confidential correspondence with the client, the office sends special questionnaires which are needed to determine the emigrant's status as well as questionnaires which reveal how valuable a worker you are. Then you are given an appointment in the office and a specialist helps translate documents into English and compiles a resume (a kind of personal publicity prospectus which provides an idea of the kind of person that wishes to be hired) and letters of recommendation. Prodyuser copies all this and gives you international envelopes and stamps and, the most important thing, about 100 addresses where you can send them. That's it. Then you simply have to wait—perhaps some firm will respond.

You need to pay for all this, of course. The complex of services described above costs about 600 rubles. The amount may be less if the emigrant requires only part of the services. However, it may also be more, since Prodyuser is prepared to conduct courses to study English for the future members of capitalist society and ready to give advice on what exams a firm may arrange when you are being hired, as well as ready to explain what you have know to get, for example, a licence to practice medicine or to be an engineer, nurse, teacher, and the like in America.

That is only the "ruble" part of the costs for the person who has decided to prepare for life in the world of harsh competition. I was given to understand that emigrants are glad to come to them, since they are not spending their last cent to leave. However, if the confluence of circumstances is successful, you must pay hard currency as well: you must pay for the intermediary services of the American participant in the project—the firm MacQuirk Consulting Company.

Our correspondent in Washington A. Blinov could not find this firm right away. Few people in America know about it. Strictly speaking, that is not surprising, since the firm consists of the president of the firm and her secretary. The president is a dear lady named Happy MacQuirk—she opened the business in her home on a small farm on the outskirts of Seattle.

"Actually, the secretary and I are still only preparing to work providing services to Soviet emigrants," said Happy. "Not one client has come through the firm yet. I'm gathering and sending information to Prodyuser on the prospects of finding work in the United States. To do that, I'm studying the help-wanted ads published in newspapers. I gather materials on professional exams and ways to confirm diplomas and the like and send them to Moscow."

"How much is the fee for these services?"

"A sliding scale will be set up which will be dependent on the salary for the job which the emigrant gets, from 5 to 20 percent of the annual salary. The fee is paid only after you get the job."

"In your opinion, how great is the need for your firm's help?"

"The State Department estimates that at least 100,000 citizens of the USSR will apply to go to the United States for permanent residence this year. I think that many of them will need services in selecting a job, since it is not easy to get a job in many professions in the United States."

Not easy is obviously putting it mildly. According to the assessment of American experts, Soviet emigrants have very little chance of getting a well-paid job right away. Recently the NEW YORK TIMES published an article on emigration from the USSR. The article mentions that perhaps only rare specialists in the fields of mathematics and theoretical physics from the Soviet Union are now in a more or less favorable position and quite rapidly find a use for their ideas and capabilities.

I managed to speak with the Moscow representative of Happy MacQuirk's firm, Georgiy Kazarinov. He was extremely surprised, to put it mildly, at Prodyuser's caution with respect to the press. In his words, the problem, on the contrary, requires serious discussion in the mass information media, since the present wave of emigrants from the USSR in most cases presents a sorry sight in America. Many know virtually no English and do

not have the slightest idea of the economic system to which they have decided to link their lives.

Georgiy Kazarinov believes that Soviet people are opening up a new world for themselves and they can and want to work, but this new world demands that they play by its rules, of which we are virtually ignorant. A book published in America specially for emigrants was a revelation to me personally. Georgiy Kazarinov brought it with him. In addition to everything else, there was a chapter in it entitled "How To Use the Telephone."

Moldavia Signs Trade Protocol With Burundi

90UF0326A Moscow IZVESTIYA in Russian 8 Jul 90
p 2

[Article by E. Kondratov: "Moldavia: Trade Agreement With Burundi"]

[Text] **The Moldavian SSR is establishing direct economic relations with the Republic of Burundi. A protocol on mutually beneficial trade between the two sovereign republics has been signed at the minister level.**

This protocol resulted from a visit to African countries by a delegation from the Moldavian SSR, for the purpose of exploring possibilities of doing business. The talks in Bujumbura demonstrated that barter transactions involving exchange of raw products and manufactured goods are of considerable interest both to Burundi and Moldavia. The Burundians are willing to purchase metal products, steel reinforcing bars and rods, pipe, electrical equipment, electrical appliances, and household utensils. In return they will supply high-grade tea and coffee, cotton textiles, hides, and exotic fruits: avocados, pineapples, passionfruit, and papayas. This is at least the initial list of stated goods. It will be substantially enlarged after exhibits and trade fairs are held in the capitals of these republics in the near future, featuring goods produced in Burundi and Moldavia.

The protocol also contains other important provisions. The two parties have agreed, for example, to establish—Air France is willing to assist in this endeavor—a joint air carrier, to be called Moldova-Burundi, which will handle all cargo shipments. Joint ventures are to be established in the near future: a coffee-bean roasting facility in Moldavia, and an enterprise in Burundi to produce building materials using Moldavian technology, as well as a cannery for processing fruits and fruit juices. In the future canned fruit and juices will also be produced at Moldavian enterprises. Soon trade and economic missions of the two republics will open in the two capitals, and the government of the Moldavian SSR will offer scholarships to college students from Burundi.

Why is the Republic of Burundi showing heightened interest in partnership not with highly-developed industrial powers but with such a small republic as the Moldavian SSR, which is approximately equal to Burundi in population and area?

"Burundian businessmen and patriots are unhappy with their national economy's total dependence on capital owned by the countries of Europe and Southeast Asia, for which their homeland has been and continues to be merely an extremely cheap source of raw materials," replied K. Yavorskiy, leader of the Moldavian delegation and republic minister of material resources. "In an economic partnership with Moldavia based on equality they see an opportunity to boost their own industrial potential, if for the time being only in the area of fruit processing and canning. The Burundians have a low standard of living, and for this reason our less expensive and therefore more affordable manufactured goods and materials are very attractive to them. Frankly speaking, there are also unquestionable benefits for us from such a partnership. Our delegation is extremely grateful to V. Sofinskiy, USSR ambassador to the Republic of Burundi. It was he who convinced the Burundians that direct relations between the USSR union republics and foreign countries are not only not in conflict with but also promote the cause of perestroika in the Soviet Union.

Issue of Quebec Separatism, Economic Viability Discussed

90UF0274A Moscow IZVESTIYA in Russian 26 Jun 90
Morning edition p 5

[Article by A. Shelnev: "Constitutional Crisis in Canada: Will Quebec Survive?"]

[Text] If Quebec gains independence, will it survive economically?

This is a question which many are asking today in Canada and in the neighboring United States. The failure of the "Meech Lake accord", which was called upon to guarantee Canada's constitutional unity, presented more acutely than ever before the prospect of a split of the Canadian federation, and the departure of Quebec Province from it.

The prospect is remote, considering the complexity and multi-stepped process of separation of Quebec. Yet in principle it is real, since most of the residents of the province speak out in favor of independence.

The economic potential of Quebec is great: The province accounts for almost one-fourth of the entire volume of Canada's gross national product, and 17 percent of Canada's export volume. The dependence on the federal administration in Ottawa is not great. According to the evaluation of specialists, the difference between that which Ottawa sends to Quebec in the form of various social payments or government contracts, for example, and that which Quebec returns to the federation—according to tax records, comprises only \$300 per year per capita of Quebec's population.

And here is one other important factor: In the past 1 1/2 decades Quebec has significantly re-oriented its economy, and particularly its processing industry, from production of textiles and clothing to the manufacture of finished technology. The number of companies created annually in Quebec in specifically these sectors, in the "high-tech" sectors, has increased 5-fold since 1979.

Thus, will Quebec survive once it becomes independent?

Yes and no. Economists are convinced that the economic potential of the province is sufficiently great to ensure Quebec's viability. However, this potential will only be effective under the condition if, as the NEW YORK TIMES put it, Quebec continues to enjoy the "good will of the United States and the neighboring province of Ontario, the richest in Canada". In practice this must mean that the agreement on free trade which went into effect one and one half years ago in relations between Canada and the USA and which must lead to the repeal of all customs barriers and the creation of a single, in essence, North American market, will also extend to independent Quebec. And secondly, this must mean that

Ontario will continue to agree to buy from Quebec—just as it does today—no less than 20 percent of the volume of Quebec's products.

Will the United States and Ontario agree to this? That is the question whose answer is far from clear. Yet even Jacques Parizeau, the leader of the Quebec Nationalist Party, whose prestige in this situation is undoubtedly increasing and whose prospects of going from an opposition party to a ruling party in the province, even Jacques Parizeau admits that without the USA and Ontario it would be very difficult.

These same doubts are expressed also by J. Dufor, leader of the Quebec Council of Entrepreneurs, an organization which represents over 500 companies. He is concerned by the fact that, upon closer examination, the economy of the province may not be strong enough to ensure prosperity in the transitional period, in the period of uncertainties, those uncertainties which already today have led to a reduction in the level of investments, Canadian as well as foreign, into Quebec's economy. The decline in the level of investments may easily lead to a slowing in the rate of economic activity under conditions when unemployment in Quebec is already almost two times higher than in Canada as a whole.

It would not be excessive to recall that in 1980, when a referendum was held in Quebec on the question of whether or not Quebec should be independent, the answer "no" was ensured to a large degree by the efforts of the business circles. In 10 years there have been certain changes, the most important of which is that over 60 percent of Quebec's work force is employed at enterprises and institutions controlled by or belonging to French-speaking entrepreneurs, and not to English-speaking Canadians.

Thousands of French-speaking Canadians, waving white-and-blue flags bearing the image of the lily, gathered on Sunday in the streets of cities in Quebec Province. They were celebrating their national holiday—St John the Baptist Day, announced the UPI press agency.

Although the parade had been cancelled because of bad weather, Montreal residents crowded the main street of the city with demands for independence for the province. As UPI noted, the meeting participants spoke of political independence, understanding that economic ties with Canada would remain as before. "We do not intend to print our own money or postage stamps", said one of the demonstrators.

As Quebec's Prime Minister R. Bourassa announced on Saturday, he intends to fight to see that the questions of immigration and communication are resolved directly by the province government. This would expand Quebec's sovereignty, but still does not speak of its total independence. For the present day, the French-speaking province of Canada is one of the most autonomous in the country. It controls taxes on its territory and has its own

pension system. R. Bourassa, however, noted that any decisions which he will make should not harm the economic future of the province.

This time the demonstrations of Quebec residents were not accompanied by acts of violence, as was the case in the '70s and '80s. According to a public opinion survey, however, at least 60 percent of the province's residents

favor complete separation from Canada. The agencies also report that in Quebec City a group of demonstrators burned the Canadian flag at the site of the battles of 1759, when British troops conquered the French. Canadian flags were torn from their flagpoles in Montreal near buildings where English-speaking Canadians work. ...IZVESTIYA press service.

Soviet Forecasting of East European Events Questioned

Excerpts from 1987 Book

90UF0254A Moscow NEDELYA in Russian No 24,
11-17 Jun 90 p 5

[Excerpt from report "Sovremennoye polozheniye v yevropeyskoy chasti mirovogo sotsializma" (The Present Situation in the European Part of World Socialism) by Anatoliy Pavlovich Butenko, chief scientific associate of the USSR Academy of Sciences Institute of Economics of the World Socialist System (IEMSS), doctor of philosophical sciences, and professor]

[Text] The rapid processes of change which have engulfed the countries of East Europe right before our eyes have riveted the attention of all those even slightly interested in politics, and even more so professional political experts, theoreticians, and practical workers, for a long time. And it is not surprising: the political and military-strategic picture of Europe which was carefully nurtured for decades in shadowy authoritative offices and then step by step was embodied in the actual disposition of sociopolitical forces and alliances suddenly underwent a major adjustment as a result of the independent actions of peoples who did not want to deal with things which were planned and created without their participation or consideration of their wishes. Peoples are the makers of history. Life affirmed this once again when it showed that the time of politics which does not take into account the will of the masses is disappearing into the past.

The readers of NEDELYA often ask whether our party in any way anticipated the possibility of what has happened and whether Soviet science forecast the cataclysms and changes which have taken place in these countries.

Today we are publishing fragments from the report "The Present Situation in the European Part of World Socialism," written in March 1987, that is, almost 3 years before the events, and a conversation with its author, the chief scientific associate of the USSR Academy of Sciences Institute of Economics of the World Socialist System and doctor of philosophical sciences, Professor A. P. Butenko.

[Excerpt] The European countries are undergoing a very difficult stage of their development: the crisis of trust in previous forms of interrelations, above all with the Soviet Union, is becoming associated more and more clearly with the slowed rate of economic growth and intensified negative phenomena in internal development; and that threatens to result in internal explosions in certain countries, as well as a crisis in relations among fraternal states themselves, with all the dangers that poses for the fate of world socialism.

Even after the April 1985 Plenum of the CPSU Central Committee, but especially after the 27th CPSU Congress, which adopted a general line to accelerate the USSR's socioeconomic development and to implement perestroika of different aspects of Soviet society, differences in the evaluation of Soviet perestroika by foreign fraternal parties were disclosed and began to intensify.

The increasing difficulties are based on the following. No matter how much we say that every country of socialism is following its own path, the fact remains that in Europe, with Yugoslavia as the exception, the model of socialism in all countries is essentially the same, the Soviet model, and for that reason in all countries—the GDR, the CSSR [Czechoslovak Socialist Republic], the NRB [People's Republic of Bulgaria], the PNR [Polish People's Republic], and the SRR [Socialist Republic of Romania], as well as in Hungary, not to mention Albania—in principle (but not in particulars) a socioeconomic system similar to the Soviet system took shape, a system with the same (in principle) retardation mechanism as in the USSR. And now the CPSU is calling things by their real names and beginning to break up (mostly on the ideological or ideological-theoretical level for the time being) this retardation mechanism. Criticism by the CPSU of former ways and conceptions and the retardation mechanism itself in our country inevitably strikes blow after blow against that same system (and its retardation mechanism) which exists and has not yet been broken up in other fraternal countries. These actions of the Soviet leadership arouse the natural enthusiasm not only of Soviet people but of working people in the fraternal countries who are tired from the burden of the disorder which has developed in their countries; but in addition these actions arouse growing alarm and fear not only among our retrogrades but also among those leaders of other countries who, for various reasons, are unable to implement similar perestroika in their own countries.

It is absolutely clear that the force of example of renewing socialism will most strongly influence the socialist countries where socioeconomic evolution is stagnant in character rather than the capitalist countries. For that reason the build-up and aggravation of the contradictions between the working people of the fraternal countries mentioned above who increasingly are striving for change and those who are trying to prevent these changes may end in an explosion both within individual countries and in interrelations among them. No matter how much one does not wish to be a prophet of doom in forecasting these negative phenomena, it is difficult to find consoling arguments to show that this prognosis is not being confirmed. For just as we cannot reject the policy of perestroika, so certain countries of socialism are still not able to abandon the stagnant path of development; for nowhere is there a legitimate mechanism for renewal of the leadership and its course under pressure of the masses. The conflict exists and is developing almost tangibly, although in different ways, in different

countries and with various possibilities and different maneuvers by the leadership circles of the different countries.

A political explosion or a sociopolitical conflict in any European socialist country is fraught with danger for the USSR as well: we must not forget the "boomerang effect": we should remember that after the 20th CPSU Congress, the crisis in Poland and the counterrevolution in Hungary in late 1956 were exactly the signal which frightened the renewer-reformers and at the same time united and mobilized the administrative bureaucratic reaction to the struggle against the course of the 20th CPSU Congress. It was precisely these events which signaled backward movement and a rollback of the perestroika and renewal in Soviet society which was becoming discernible at that time.

We must ponder possible steps to resolve the situation which has taken shape. In light of what is occurring in the fraternal countries right now, one may expect that even there social forces will be more and more demarcated along the following lines: the most conservative, dogmatically bureaucratic circles, protecting these positions and interests, are already turning and will continue to turn even more sharply toward Romanian-type nationalism, declaring that "perestroika" is a strictly "Soviet" and "national" affair and that it either does not fit at all or does not "quite" fit the situation in their own countries (certain not only German but also Czech figures are already developing their arguments on this level—see the speech by V. Bilyak, comrades).

It seems that in order to clearly differentiate the social forces in certain countries of socialism—and we cannot count on the successful development of perestroika in other countries without doing so—we must continue to ideologically-theoretically debunk the retardation mechanism and show that it has a number of features which took shape by no means just in the 1960s and 1970s when some countries of socialism did not blindly follow our formulas and did not repeat the most odious of our distortions; but we must also debunk even those which appeared in our country earlier and were adopted in other countries as supposedly characteristic of the very essence of socialism (not forms but methods of realizing the power of working people). And the main thing is: we need practical achievements from perestroika.

At the same time, it would be a good idea to ponder the possibility of the CPSU Central Committee addressing an open letter to the communists of the fraternal parties with a critical evaluation of not only our earlier history—the theory and practice of socialism, but also of the present situation in the socialist world.

Chief of the department of general problems of world socialism of the USSR Academy of Sciences Institute of Economics of the World Socialist System, doctor of philosophical sciences, and professor, A. P. Butenko

March 1987

Author Butenko Interviewed

90UF0254B Moscow NEDELYA in Russian No 24,
11-17 Jun 90 pp 5, 12

[Interview with A. P. Butenko by L. Kamynin]

[Text] [Kamynin] Anatoliy Pavlovich, today what do you think of what you wrote almost 3 years ago, which somehow anticipated what has happened in the countries of Central and Southeast Europe?

[Butenko] That is one piece of evidence that academic social science, despite rampant prejudice, is trying to earn its daily bread honestly. I say "one piece of evidence" for many people are already familiar with the report on Afghanistan of Doctor of Historical Sciences V. I. Dashichev, an associate of our institute, by the way. He warned the Soviet leadership of the serious consequences of our intervention in the internal life of this neighboring country. If necessary I could also cite our thoughts on the political and economic crisis which broke in Poland in 1980, and others. I am certain that our institute—the Institute imeni Academician O. T. Bogomolov (the name of our institute, formerly the Institute of Economics of the World Socialist System, is now being changed)—is not the only one that has documents containing predictions of events that occurred later. I am certain that every place where scientific thought is alive and struggling has its own achievements, scientific forecasts, and bold predictions.

But if we are speaking specifically of the report which has been cited here, then I myself have an ambiguous attitude toward it: on the one hand, I am satisfied that to a certain extent I managed to predict the main course of events (details are unpredictable) approximately 2 years before they began to unfold; but on the other hand, it makes me sad that both my ideas and practical proposals (I gave them at the time at an open party meeting in the presence of senior officials of two Central Committee departments—the Department of Science and the Department of Socialist Countries) were interpreted by the "bosses" as "alarmist and panicky," and so the path for practical use of the prediction I made was closed.

[Kamynin] You mentioned the report on Afghanistan of V. I. Dashichev. But it was written quite a long time ago—back in the years of stagnation. And that alone may explain the unwillingness to deal with the content of that report. But your prediction goes back to the time of perestroika, March 1987. Do you really believe that the "path was closed" for the ideas you expressed?

[Butenko] Inasmuch as I am not a Central Committee apparat employee, I cannot categorically assert that our Central Committee sent no letters to the fraternal parties. But many known facts allow me to draw the conclusion that a wrong, anti-Leninist interpretation of the essence of internationalist relations among the communist parties of different countries has become rooted in our highest party apparat. While at one time V. I. Lenin favored open, honest, and direct relations and

open discussion of the affairs of our comrades, in Stalinist times the altogether opposite customs, indeed bureaucratic principles, were confirmed in this regard (they were maintained even after J. Stalin's death).

The idea of these anti-Leninist, bureaucratic relations among the communists of different countries can be reduced to the following: the activities of one party or another, or rather of its leaders, in its own country were its "inviolable preserve" which the communists of other countries had no right to infringe upon and certainly not to analyze critically. It is not necessary to explain how important this was to J. Stalin and his circle, who had set up their own swift and improper court for unorthodox thinkers within their own country. Any foreign communist or even liberal who tried to express his own even doubts about the fairness of Stalinist actions was condemned not only to crucifixion for being a renegade but also subject to the danger of being physically destroyed, as was done with L. D. Trotsky, and not only with him.

Let us ponder what this policy of "inviolable zones" closed by the leaders of communist parties to communists of other countries used to mean and even what it means now. It is something like a mutual aid society among them based on the principle: if your communists do not touch me, I will not allow mine to touch you.

But what about the people of a fraternal country if their leaders crucify them? Does this mean there is no one to defend them? Does no one have any rights? And each time this was done under the hypocritical cover of defense of democracy and of nonintervention in one another's internal affairs with the accompanying statement: "Each party can better see how it should act in its own conditions!" So, "Proletariat of all countries, unite!"—against former exploiters and oppressors, but if new usurpers and oppressors appear, separate, countries and parties, for the leaders in each party and each country can better see how they should act with their own people. In short, the national party-state bureaucracy is sovereign in its actions, and it knows how to keep its people in check better than any foreigners! That is also the essence of Stalinist "internationalism" which replaced Leninist internationalism. And has such "internationalism" been eliminated today? I think it is quite easy to find examples that it has not...

[Kamynin] That is a complex question. On the one hand, one certainly cannot deny the full sovereignty of the communist parties. And on the other, with the approach you are discussing, the possibility of, let us say, international mutual aid or real exchange of experience disappears. What you get is either praise everything and take it, or keep quiet and don't touch!

[Butenko] Everything is wrong and harmful in such an interpretation of internationalism, which is still preserved and observed. I understand very well how one well-known Soviet journalist when he was in Zhivkov's Bulgaria stated directly: "Your policy with respect to Turks doesn't even spend the night with Marxism and

yet you call it Marxist!" He was returned to the USSR with a denunciation and there high party functionaries were found who tried to "twist his arm" by trying to prove the correctness and Marxist nature of the nationalities policy of the Bulgarian leadership at the time out of bureaucratic solidarity (they were also secretaries and chiefs of Central Committee departments). I can cite another example, or rather true story, which happened to the deputy director of our institute and doctor of historical sciences, Leonid Sergeyevich Yagodovskiy, who died tragically; he responded to a Japanese correspondent's question on bringing troops of five countries into Czechoslovakia in 1968 by saying that he had his own opinion on that question, that it did not coincide with the official one of the time, and expressed his truly internationalist opinions. A whole torrent of attacks fell upon him right then, not only from Czech officials but—and this is what is so deplorable—our directive offices demanded written explanations and so on. And after all that, these offices have the gall to reproach scientists for not only not hastening to these offices, but for trying to avoid them now.

[Kamynin] May I suggest that you make one more prediction, if you are not afraid: where will the countries of the former "world socialist system" go—toward socialism or capitalism? Not only our readers but all Soviet people are now interested in that.

[Butenko] Well, let me remind you, there are long-term predictions, mid-term predictions, and short-term predictions; and they are always different. To give a long-term prediction, I can say that ultimately not one of the countries of "real socialism" (even if someone is already declaring they are turning toward capitalism) will ever return to the classic capitalism of the 19th century with its complete supremacy of private property and competition and ancient forms of exploitation and oppression. At the same time, however, perhaps not one country which is still guarding itself from radical perestroika processes will remain a preserve of "barracks socialism" in the long term. Life goes on and history is not repeated twice. In short, in one way or another all the countries of "real socialism" will come to a mixed market-type economy where the correlation of forms of property will be determined by the ratio of social forces; while the ideals of social justice, the ideas of socialism, acquiring a form in which they can express the fundamental interests of people of labor, will be affirmed in each country to the extent to which people of labor are organized and able to defend their own fundamental interests.

[Kamynin] But nonetheless, is it not possible to make a more precise and more immediate prediction of the socioeconomic development of these countries on the basis of objective laws of social development?

[Butenko] Here first of all we must start from a relationship between objective laws and the conscious activity of the masses, which is more complex than was believed until recently. I think that now, when the failure of socialism is at hand in the countries of Central and

Southeast Europe, when the one-party supremacy of the communist parties which called themselves Marxist-Leninist parties has revealed that it is completely doomed, and when the unviable, impermanent character of the Stalinist-Brezhnevite idea of socialism has become clear to all, new parties and new forces unknown before have come onto the front stage of social life. These forces, rather than abstract laws, are what will determine the course of development. Each country has its own disposition of social forces and its own parties with their own socioeconomic programs. Their coming to power when communists are discredited will undoubtedly start an evolution of socioeconomic systems created there earlier, and this evolution will correspond, on the one hand, with the totality of the socioeconomic programs of the new political parties which have come to power and, on the other, with the ratio of forces in society and support or lack of it for these programs by the populations of the countries we are examining. In short, the previous economy will be dismantled and restructured by decisions from above and consolidated by the ratio of forces from below. If you do not agree with my prediction, let us test it in 2 or 3 years; but today the programs of the new forces which have come to power and their actions and the population's attitude toward these actions are also very important.

[Kamynin] Returning to your past prediction, I want to ask whether you believe that your fears regarding the counterreaction of "explosions" in the countries of East Europe to perestroika in the Soviet Union have been confirmed. Up to now the retrogrades have not been able to take advantage of these "explosions" to turn back the course of our changes, as was done under N. S. Khrushchev in 1964.

And certainly the conference of the Political Consulting Committee of Warsaw Pact Member-States which took place in Moscow a few days ago hardly speaks of a "crisis of relations among the fraternal countries."

[Butenko] I am ready to agree with you in the sense that "up to now" it has not happened, but this is from the standpoint of results, not that the trend itself does not exist. Suffice it to turn to the February and March 1990 plenums of the CPSU Central Committee to reveal a powerful trend: to take advantage of events, "explosions," and coups in the countries of East Europe in order to discredit the entire policy of perestroika.

So the very trend to take advantage of changes in the countries of East Europe to undermine the positions of progressive forces in the Soviet Union is indisputable. And with a prediction, analyzing trends is precisely what is of key importance.

But if we are speaking of interstate relations of the countries under review, then it is precisely the crisis of their former relations which demands perestroika in the spirit of the times, both within the framework of CEMA and in the Warsaw Pact. Incidentally, the participants in

the conference of the Political Consulting Committee in fact spoke of their intention to follow this path.

Opposition to Bulgaria's Newly Elected Government Criticized

90UF0290A Moscow PRAVDA in Russian 2 Jul 90
Second Edition p 7

[Article by L. Zhmyrev and A. Krushinskiy, PRAVDA special correspondents: "Agreement or Dead End?"]

[Text] A week ago, thousands of Sofia residents, answering the call of Stefan Ninov, the mayor of the capital city, went out onto the boulevards and squares with brooms, mops and buckets. They cleaned off the walls of houses, scraping off the traces of the electoral posters and leaflets and thoroughly rubbing off the hand-lettered slogans. Yet while such streets as Zhelio-Kyuri on the outskirts of the capital (where the PRAVDA correspondent's office is located) took on their initial appearance, heartening the soul with their peacefulness and spring freshness of greenery and rose bushes, in the center of the city there is still much to remind one of the recent battles for the 400 deputy mandates to the PRB's Great National Assembly.

The meeting fever and the tensions consciously fanned by the opposition have given rise to a new focus—the so-called "occupation strike" by students at Sofia University, which was joined by the students of a number of other VUZes. As a result, the examination schedule is being delayed until the fall, new enrollments are hindered, and tents, umbrellas and cots have appeared in the capital's university yard.

The center of Sofia is beginning to look ever more like a campground, the local journalists report, not without some humor. A priest has been "living" in a tent in the garden adjoining the church monument to Aleksandr Nevskiy. He is demanding protection of his rights before the Holy Synod. Across from the National Assembly building at the foot of the "Czar-liberator" monument (which one of our colleagues from the WASHINGTON TIMES referred to in his report as a "soviet general"), a threesome from the national-radical party has kept a vigil for a week. They collect the signatures of those who do not think that the National Assembly should include people with "foreign national consciousness"—i.e., Bulgarian Turks and Bulgarian Muslims, who ran for election on the voter's lists of the Movement for Rights and Freedom. The actions of the so-called "Initiative Committee for Civil Disobedience", the ever-increasing groups of people with mattresses, thermoses and blankets engender among the public an alarming association with Peking's Tiananmen Square, and with the square in front of Bucharest's Intercontinental Hotel...

In the central square in Stara-Zagora, where several tens of people unhappy with the election results were conducting a sit-in, 32-year old V. Atanasov doused himself with gasoline and tried to perform the act of self-immolation. The strikers themselves beat down the

flames with blankets, while the Union for Democratic Forces (UDF) hastened to disassociate itself from the incident, although it was the leaders of this group who were so quick to cast doubt upon the election results after the first round of elections, and who began stirring up passions and spreading rumors. This was in spite of the fact that on the eve of the elections Gelieu Gelev himself, the chairman of the UDF coordinating council, gave a promise before the television camera that he would agree with the choice made by the Bulgarian people.

How can we explain such metamorphoses? Evidently, those who are knowledgeable about Bulgarian domestic political life are correct in believing that "the blues" (color of the opposition), inspired by the success of their pre-electoral meeting in the capital and the "super tumultuous" outpouring of sentiment on the part of its youthful followers, at that moment seriously believed that the voters favored them.

To our considerable surprise, we remember how Petko Trifonov, one of the leaders of the opposition, announced with assurance when we visited the staff headquarters of the UDF on Rakovskiy Street: "We will win a decisive victory". Another UDF leader, Petr Beron, also expressed a no less optimistic position in his conversation with us. It is characteristic that both of them on that day, without coordinating their statements with each other, condemned extremist slogans such as "The BSP [Bulgarian Socialist Party] is the mafia". At the threshold of "victory" they were so magnanimous that they began talking about possible future cooperation with the "healthy forces" of the Bulgarian Socialist Party, and even about the fact that it would be absurd to exclude the "communists" from socio-political life. After all, there are many specialists valuable to Bulgaria among them.

Yet the morning after the first round of elections, seeing Beron in the press center, we did not even risk approaching him. The handsome, photogenic face of this scientist (one of the world's leading entomologists, suddenly totally involved in politics) became unrecognizable—as if he had just buried all those close to him.

What does a person do when the euphoria of a longed-for victory is dispersed like fog? In those days we often recalled the photograph which recently appeared throughout the world press: How Ortega, with a somewhat tormented and yet sincerely friendly, magnanimous smile is congratulating Violetta Chamarro on her victory in the presidential elections in Nicaragua. Alas, in Bulgaria for the losing side it proved to be a much more difficult matter to extinguish the heat of the pre-electoral passions than simply to wash the posters and slogans off the walls of the houses.

Alas, the UDF leaders did not have enough courage for chivalry in the spirit of Ortega. Instead, to the deepest regret of most Bulgarians, there ensued complaining and cursing at the level of strife within the communal home,

a stream of accusations of "shuffling" and "falsifications" (although all of this was refuted even by foreign observers). Yes, some infractions did occur, they admit. These were infractions which were inevitable already due to the newness of such a phenomenon as multi-party elections in the PRB, as well as because of the complexity of the voting system used here. Yet these infractions could not have affected the end result. "Having broken the chain of defeats of former ruling Marxist-Leninist parties of Eastern Europe, the BSP achieved an impressive victory in the first free elections". That was the theme of commentaries by the world press.

The BSP won 211 seats in the Great National Assembly out of a "possible" 400. This, as they say, is an absolute majority. The UDF controls only 144 mandates. We cannot, however, overlook the fact that this number is also impressive enough for the opposition to affirm today, and not without some foundation, that the results were "almost a draw"! In fact the most important decision in parliament is subject to ratification by no less than two-thirds of the votes, while the Union of Democratic Forces has, so to speak, the "controlling packet"—over one-third of the deputy mandates. In other words, the BSP is able to formulate the government, while the UDF is able to fully "block" its activity.

Logic itself dictates that with such a distribution of forces the everyday life of the people and the future of Bulgaria may be guaranteed only under conditions of "peaceful co-existence" and a search for compromises. This, unfortunately, is at present recognized by only one of the two opposing sides in the elections.

Speaking on 22 June at a meeting of many thousands of followers of the Bulgarian Socialist Party, the chairman of its Supreme Party Soviet Aleksandr Lilov noted that the BSP was able to win victory in the elections primarily thanks to the fact that it began the renovation with itself. In fact, the radical restructuring undertaken by the party on the basis of the decisions of its 14th Extraordinary Congress made it possible not only to retain (and even to increase) its ranks, but also to attract the sympathies of many non-party members. Another important circumstance is that, unlike the UDF, which placed its stake in the electoral campaign on formulating an "image of the enemy" with which any coalition is unthinkable, the BSP from the very beginning propagandized the idea of a government of national accord. And this gained it many votes in the election.

If we turn to the recent past, we may be convinced that the present-day opposition leaders and the radical part of the BSP are united specifically by the fact that both strive to put an end to the regime of personal power of T. Zhivkov. Some (the communists) from within, and others (the "dissidents" from without. Both (as we have already written) have decisively opted for the risk of restoring the rights of the Turks and Muslims persecuted by Zhivkov.

Even the economic programs of the "reds" and "blues" have much in common (the difference is primarily reduced to the tactics of changing over to a market economy). Thus, in our opinion there is no reason to doubt the sincerity of the BSP, which has extended the hand of cooperation again and again. Yet the UDF leaders reject this hand time and time again, announcing that for them the situation of a "weak (i.e., single-party) government with a strong opposition" is more preferable.

In this connection we cannot help but recall a meeting which we had soon after the elections with one of our good friends, a journalist and colleague from the newspaper ZEMEDEL'SKO ZNAME. He stood as if in prostration and stared ahead with an unseeing eye. Is it possible that this is how he reacted to the defeat of his party—the Bulgarian Agrarian People's Union (BZNS), which had been viewed by everyone as a "third political force", but which as a result of the elections had yielded even to the Movement for Rights and Freedom?

"Why no, this is not the case," said our friend bitterly. "I am disheartened and stunned by the split of our society. After all, this threatens a terrible dead end on the brink of a new national catastrophe. It seems I have understood why Bulgarians fell under the Ottoman yoke six centuries ago: Because at that time they could not overcome the domestic schism..."

On the background of the current political crisis, Bulgaria's economic position appears almost disastrous. The store shelves are becoming barren. One after another the goods of primary necessity are disappearing. It is already

becoming a problem to buy a piece of sausage or cheese, a jar of honey, or a bottle of beer. In Sofia, lines form at store entrances to buy meat and milk. In Varna, ration tickets have already been introduced for sugar and detergent. In the villages there are only canned goods on the shelves. In the village of Lesichovo, which is located in a most fertile valley, on the eve of the elections we observed an impressive scene: Fellow villagers, pushing, shoving and elbowing each other, stormed the doors of their "selpo" [village store]. What did they "toss out" on that day? Only flour...

The situation in which Bulgaria finds itself today reminds us of the old fable about Solomon's judgement, when two women came before the king asking him to resolve their argument about a child—which one he belonged to. Solomon, without taking long to think, suggested that they cut the child in half and share him between themselves. One of the claimants agreed—"neither you nor I shall have him". The other one, however, said: "Better the child should be given to my rival than be put to death." And it became clear which one was the real mother. Alas, more and more new facts confirm the situation: In the argument with the BSP the opposition is stubbornly "rocking the boat", as if Bulgaria is not its native country, and acting along the principle of "neither I nor you shall have it".

...The convocation of the multi-party Great National Assembly is scheduled for 10 July. In what direction will the events develop? In our opinion, there can be only two variants: Either a search for agreement and consensus on the principles of new political thinking, or a dead end, fraught with the threat of a new national catastrophe.

Prospects, Barriers in USSR-ROK Economic Cooperation Discussed

90UF0263A Moscow PRAVDA in Russian 16 Jun 90
Second Edition p 5

[Article by Vladilen Vorontsov, editor-in-chief of the journal PROBLEMY DALNEGO VOSTOKA: "The Path of South Korea"]

[Excerpts]

Moscow-Seoul: At the Beginning of the Road

In April of this year at the initiative of Hanyang University (Seoul) and the USSR Academy of Sciences Far East Institute (Moscow), there was a meeting of Soviet and South Korean scientists. They discussed the current status of and the prospects for bilateral relations.

Professor So Ho-yu (Hanyang University) acquainted the participants with his evaluations of the location of socio-political forces in the republic and with their perception of the significance of developing relations between Moscow and Seoul. In his reports, as in the conversations with other colleagues, we were able to sense also a certain concern regarding the efforts of certain forces to use foreign political actions for domestic political purposes.

...A quiet discussion was held in the office of Deputy Minister of Foreign Affairs Yi Han-pin regarding the prospects for relations between Moscow and Seoul. "The primary strategic direction of our policy," explained the master of the office, "is not associated with who takes part in the current dialogue. The main thing is how to overcome the stratifications of the 'cold war'..." Now the time for dialogue has really come. Recently a large group of states in Eastern Europe have established diplomatic relations with Seoul. "I will note," continued the diplomat, "that we respect the ties of the East European states with the KPDR and do not want to develop cooperation with them at the expense of interests in the mutual relations of these states with Pyongyang."

Political leaders, scientists and diplomats stand in favor of the peaceful development of intra-Korean dialogue. The presence of American troops in South Korea? Sooner or later they will have to be withdrawn from Korean soil. Most of the discussion participants associate the resolution of this question with the formation of a system of reliable guarantees at the intra-Korean as well as at the international level.

Many in Seoul are convinced that the future of Soviet-South Korean relations depends upon the fate of Soviet perestroika. What difficulties is it encountering? What is a socialist regulated market? These and numerous other questions were posed to the author of these lines at the seminar in Hanyang University, to which I was invited by the president of the Slavic Studies Society, USSR and East Europe Institute Director So Ki-yon.

One Hand Cannot Clap

Business people are concerned about the future of the South Korean economy and the increasing competition on the Western markets. The limiting measures in regard to Seoul taken by the Western partners and the desire to break through to Soviet raw materials push South Korean business toward cooperation with the Soviet Union. The volume of our trade with Seoul in 1989 was estimated at \$600 million, and in 1990 it is expected to reach \$1.1 billion. Scientists and businessmen frankly speak of the unpreparedness of the parties for such rapid rates of development of trade-economic relations. My old friend, Mr. Chon yon-pak, laid the foundation for activity of a number of joint enterprises in our country. And today, in his conversation with me, he is trying to explain the failures in this domain. I am once again convinced, he says, that without a market, without competition, it is difficult if not altogether impossible for you to achieve anything. What does state ownership mean? Everything is ours—and everything is no one's! It is difficult to understand who bears the responsibility for entirely specific matters. How should we resolve one of the central questions of trade-economic relations—the question of convertibility of the ruble? How should we seek out the possibility of getting profits in hard currency from our investments in joint enterprises? When will the tax system be regulated? When and how will the guarantees of activity of South Korean business in the USSR finally be ensured? These and other similar questions arose both in the discussions and at the conferences and seminars in Seoul.

Of course, it is doubtful that anyone other than we ourselves can sort out the clutter in our own economic mechanism. The absence of an infrastructure, which is retained as a heavy legacy of the fetters of the command-administrative system, the shortage of trained cadres and many, many other things today hinder the normal development of Soviet-South Korean trade-economic ties. Yet here is the dramatically obvious paradox: Without close interaction with the world economy, including the South Korean economy with its well-known high degree of dynamism, it is unlikely that we will be able to successfully resolve our domestic problems. As they say here, you cannot clap with one hand.

...During the recent Soviet-American summit meeting, USSR President M. Gorbachev and Republic of Korea President No Tae-u had the opportunity of meeting in San Francisco and discussing the problems of bilateral relations. This meeting, evidently, began the new countdown in the development of relations between Moscow and Seoul.

And this is as it should be. Our priorities in relations with Seoul are associated with humanistic, all-human values, as well as with the interests of the two countries. What can be more important today than preventing military-political crises, economic and ecological catastrophes? Close interaction of all-human and national

interests leads to a search for positive answers to such questions, and to the creation of a climate of trust and prosperity.

SRV Debts to USSR, New Economic Aid Measures Discussed

90UF0276A Moscow PRAVDA in Russian 26 Jun 90
Second Edition p 7

[Article by M. Domogatskikh, PRAVDA correspondent: "Friends and Debts"]

[Text] The inquiry sent by a group of USSR people's deputies to the Soviet government regarding our country's foreign debts had, we believe, two purposes: The first was to find out, finally, to whom and how much money we had given throughout the years, and the second—whether it is possible to call in these debts sooner?

The response by the Ministry of Finance published in March of this year was evidently one of the first such documents in the over 70-year history of the state. It shows that 60 world countries owe us \$85.8 billion rubles. For most, judging by the speeches in parliament, in the press, and at meetings, this was an unexpected revelation. Here it is, the magic wand. We have only to get back these debts, and many of the current problems of our economy would be solved.

However, if we speak dispassionately, then practical application gives a synonymous answer: Just as we cannot repay our own debts immediately, so we cannot obtain our billions in a single year, because international economic ties are built on the basis of long-term agreements. These ties may be broken and detriment inflicted upon the state, if immediate interests are allowed to gain the upper hand. Experience shows that both creditors and debtors know how to remain calm, even if their mutual economic relations are formulated with a distortion to one side. There are many examples of this.

The reason for such pondering was a letter from PRAVDA reader A. Krasilnikov from Novosibirskaya Oblast. "I have learned," he writes, "that Vietnam owes us over 9 billion rubles. This is a huge sum. Could it be that we had such money to spare? And in general, I would like to ask: Is the horse worth the fodder?"

Let us leave the inflammatory tone of the letter to the author's conscience and try to get to the bottom of all this in a calm manner. We must remember that the concepts of "debtor" and "creditor" are not constant descriptions. They may easily be reversed. Now let us speak of specific figures. First of all, Vietnam's debt to our country is already not nine, but something on the order of 11 billion rubles. The response by the Ministry of Finance did not take into account the figures for 1989 and the two quarters of the current year. Perhaps someone will be even more upset by this. Yet let us take a look at the situation through different glasses.

Vietnam's primary indebtedness was formed in the last 10 and some years, when this country, emerging from an extremely difficult 30-year war, began the restoration of its economy, an economy which had been ruined and undermined to its foundation, and at the same time under a strict blockade. Under these conditions, our country assumed a sacred task: We, who had experienced our own war and who knew what it is like to raise up from the ashes, found it easy to understand the concerns of the people. As our Vietnamese friends say, this fraternal and timely aid by the Soviet people helped in the solution of vital problems.

Where did our help go, for horse or fodder? The Soviet people helped Vietnam to restore and develop industry and transport, to create a power potential, to build tens of enterprises, including also in the key sectors of the economy. The construction of power facilities, which today operate with great effectiveness, provided an uplift for the economy, and primarily agriculture. Thanks to the power from new electrical power plants, irrigation capacities were expanded. We believe that this circumstance (along with the party's new agrarian policy, whose basis is comprised of the family order) played an important role in the fact that a record amount of produce was obtained there last year.

Vietnam supplies us with an ever increasing amount of tropical farm products, shoes, clothing, mineral riches, and traditional craft goods.

Unfortunately, there have been some serious miscalculations on both sides. We cannot forget about them, because we too are not without fault in this respect. It was our economic planning organs who, without stopping to think, agreed to any requests by our friends to build that which Vietnam did not need or which it needed in different scope. Thus, plants producing diesel engines, galvanized parts, railway switches, railroad ties and others were built, and in the years since have operated at a loss. Thus, the five kilometer Thang Long bridge over the Red River appeared—a mighty structure which, even if it does bring effect, will be no sooner than the beginning of the next century. Thus the industrial giant—the plant for repair of mining equipment in the city of Cam Pha was built. The representatives of the "Prokopyevskugol" Trust told me that there is no such plant in the Kuzbass, where over 60 million tons of coal are mined annually. The planners and economists, the Ministry of the Coal Industry, and the USSR Gosplan representatives could all see that Vietnam, which mines 6 million tons of coal, did not need such a plant, and that it would operate at a loss. Nevertheless, they did not suggest to our friends that they reject this gigantomania. Why? Why, because the greater the sum of the contract, the higher the deductions to the incentive fund, the more specialists they could send to work abroad, and the higher the imagined effectiveness of the foreign economic ties.

How are matters with the debt today? Vietnam economic organizations are developing a program for repayment.

Already in the next 5-year plan (1991-1995) Vietnam intends to embark upon this [repayment], and primarily by means of developing its agrarian-industrial complex, which will supply us with tea, coffee, rubber, vegetables, fruits, peanuts and other products in ever greater volumes.

In speaking of paying off debts, we must take a sober approach to this problem. It is in our interests to help Vietnam develop its tropical farming sector, its sphere of consumer goods, and its capacities for mining coal, oil, tin, and other minerals. This will be a help not only to the Vietnamese, but also to the Soviet economy, because we will be able to obtain as repayment of the debt that for which we would have to pay hard currency elsewhere. Here is one other thing we must mention. Vietnamese goods—tea, coffee, rubber, and footwear—are sold on the Soviet market at prices which are several times higher than their purchase price. It is true, Soviet export goods—metal, fuel, machinery, spare parts, and household appliances also bring a hefty profit. The mutually beneficial trade thus has good prospects for continuous growth.

Of course, in order for rifts not to appear in our friendship, we must constantly think about the balanced nature of trade. For this we must develop a strategy of economic relations. We, evidently, must admit that part of the debt—20-25 percent—was formed due to construction of unneeded facilities which are unprofitable for Vietnam's economy, as well as due to the distortion in prices. This part could be written off, which would give dynamism to our relations and make our cooperation more effective.

There is one other problem which we must define and solve: To whom, strictly speaking, do these debts belong? Today we may answer definitely—to no one. The paradox is that no one has any specific interest in receiving the debts. The credits were given by the government, but they were realized by the GKES [USSR Council of Ministers State Committee on Foreign Economic Relations], the ministries and the departments. They realized not their own budget allocations for the sector, but the state's. It turns out that one government owes another. Yet the governments merely signed the agreements, while it was the individual ministries who allocated, assimilated, or squandered these credits, ministries for whom spending was the main thing. But what about receiving? It is a vicious circle.

We believe it is time to create an entirely different system of mutual accounting. Credits must be issued with the specific partners in cooperation—the ministries, departments, and participants in direct ties—being held accountable for their application and repayment. [These partners] must adhere to the repayment schedules, the payment of interest, and all the complex

mechanics of true international economic ties in which we have not been instructed, but which we must learn not tomorrow, but already today.

Or perhaps we should do what our friends in Czechoslovakia did? There the state sold the debts to the Ministry of Foreign Trade. If our Ministry of Foreign Economic Relations were to buy the "government debts", it could manage with greater effectiveness. Part of the indebtedness could be used as a share in creating joint enterprises, part for payment of services, repair of ships, airplanes and other necessary transport, and part—for payment of long-term leases on buildings and facilities which Soviet organizations use in Vietnam, or for other purposes, gaining considerable profits from this. This could be done to develop the sector and give incentive to the people working within it. And this would be a real measure for reducing indebtedness and for creating truly mutually beneficial relations with our foreign partners.

Today the debts are considered ownerless and neglected. Although no one dares say this aloud, nevertheless the fact that their repayment does not worry anyone confirms the reality of the existing situation.

Under conditions of perestroika and renovation of the economy, many things must be reviewed.

Comment on Korean-Soviet Fishing Dispute

90UF0313A Moscow KRASNAYA ZVEZDA in Russian
8 Jul 90 p 3

[Article by unnamed KRASNAYA ZVEZDA correspondent, under the rubric "After the Briefing": "What Is the Price of the Fish?"]

[Text] Investigating for more than a month, the Soviet party and the Democratic People's Republic of Korea [KNDR] still have not reached agreement in the dispute about the detention of 12 vessels that had poached a catch of salmon in the northern zone of the Pacific Ocean closed to fishing (there was an earlier report about this in KRASNAYA ZVEZDA).

"We have requested compensation in the amount of 5 to 8 million rubles from the Korean party," V. Zilanov, deputy minister of the USSR Fish Industry, informed journalists at a briefing on 6 July. "Our demands are fully in accord with the international convention on preservation of the so-called anadromous species of fish. The Korean party takes the adamant position of paying only 3 million rubles, although it acknowledges its being at fault."

As we have already written, there is a third interested party in this story—the Japanese. Indeed, the catch was supposed to be sold entirely on the Japanese domestic market.... There are other fine points and complications in this instance of a massive poached catch of more than 500 metric tons of fish that breed in Soviet Union rivers.

When I asked about the USSR Ministry of the Fish Industry's position on settling the dispute, V. Zilanov answered unequivocally: We are for settling the issue in strict accordance with the International Convention on Maritime Law of 1988 and our laws.

It remains to be added that a metric ton of frozen fish of the salmon varieties costs from 8,000 to 11,000 dollars on the United States market, but then we are not talking just about money.

**Support To India In Kashmir Conflict Viewed
'Highly Significant'**

90UF0277A Moscow AZIYA I AFRIKA SEGODNYA
in Russian No 6, Jun 90 [Signed to press 14 May 90]
pp 21-22

[Article by B. Zaytsev: "Kashmir—Valley Of Fear?"]

[Text] "A crowd of raving Pakistanis, chanting slogans that insulted Indian leaders and making obscene gestures, made repeated attempts to plant a Pakistani flag on Indian soil in the area of Ranbirsinghpur. For almost six hours, Indian border security forces did not respond to these open provocations. Only when the Pakistanis crossed the state border, set fire to crops, and even attacked an Indian soldier did the border troops open fire. The foreigners retreated, taking with them their wounded, one of whom later died." That is how Birendra Kumar, a correspondent for the newspaper Indian Express, described an incident on the Indian-Pakistani border several dozen kilometers from the city of Jammu, on the basis of eyewitness accounts.

According to some accounts, the 4,000-strong crowd that crossed the border consisted of supporters of the opposition Islamic Democratic Alliance, led by Nawaz Sharif, the chief government minister of Pakistan's Punjab Province.

Discussing the causes of the incident, an official spokesman for the Indian Ministry of Foreign Affairs told journalists that the Pakistani authorities have recently been encouraging anti-Indian propaganda in the country and rousing the masses, leading to the incident on the border. He reported that India's supreme commissar (ambassador) to Islamabad, J. N. Dixit, had rejected a protest lodged by the Pakistani Ministry of Foreign Affairs, stressing that Indian border troops had been forced to open fire, as a large group of Pakistani citizens had crossed the republic's state border.

Meanwhile, tension persists along the Indian-Pakistani border in the area of the state of Jammu and Kashmir, as well as Punjab. UPI reports that in Pakistan, large groups of local residents have gathered repeatedly in Pakistani territory adjacent Jammu and Kashmir to stage anti-Indian demonstrations in support of separatist elements in the republic's northern and north-western areas and to engage in other provocative actions.

At the same time, Pakistani Prime Minister B. Bhutto has declared that the situation in Kashmir is a natural consequence of India's 42-year suppression of the rights of the people inhabiting it. She rejects India's charges of Pakistani complicity in the events in that Indian state. As she put it, claims that Pakistan is supplying weapons to Jammu and Kashmir are not in keeping with reality. However, B. Bhutto pointed out that Pakistan cannot remain a silent witness of events in Kashmir and therefore "is providing moral and political support to the Kashmiris."

The Pakistani side's actions have drawn a sharp reaction among the Indian public and in the Indian mass media. In the state of Jammu and Kashmir, many thousands of people have attended anti-Pakistani demonstrations and rallies, and 10,000 people marched through the streets of Jammu.

Surviving witnesses in Kashmir of India's 1947 partition compare those events with the present situation in the state of Jammu and Kashmir. In their view, India faces the danger of war and division in that region more so now than at any time since winning independence.

More than four decades ago, on the wave of the unprecedented rift between the peoples and the emergence of two independent states, Pakistani soldiers, disguised in the clothing of the local tribes, invaded the Kashmir Valley, which had joined India. The calculation was that the communal clashes taking place throughout the country had so weakened the will and influence of the Indian political leadership that it was incapable of preventing the seizure of that region, which has a predominantly Moslem population. However, this scheme was never carried out. Hundreds of thousands of people rose up against the invasion.

Today there is no open invasion, but the situation remains exceptionally complex due to unceasing sorties by Moslem armed groups that seek, with Islamabad's support, to detach Kashmir from India and to establish, in conjunction with Azad Kashmir (a part of the territory of Jammu and Kashmir seized by Pakistan), some sort of Moslem state.

The anti-Indian campaign is accompanied by mounting chauvinist sentiment. Fundamentalists are trying impose Moslem customs among the population and have seized control of the population's cultural and social life. At their orders, movie theaters, hair salons, dance clubs, and bars are being closed, and the sale of alcoholic beverages has been halted. More and more often, one can see women wearing the chador [chadr] in the Kashmir Valley.

According to eyewitnesses, Hindus, threatened with physical violence, are being forced to leave that picturesque corner of India. On their houses, signs have appeared urging them to join the Moslems' struggle to detach Kashmir or to leave the valley. Moslem landlords are throwing the families of Indian soldiers onto the street, calling them "occupation forces" and "invaders."

It's no accident that Kashmir has recently been called the "valley of fear, violence, and terror." Up to 30 Moslem and pro-Pakistani armed groups are operating there, the strongest being the Kashmir Liberation Front. The Kashmir problem undoubtedly has internal political and socioeconomic features. However, the chief cause of the destabilization in Jammu and Kashmir is outside assistance being provided to the separatists operating in the state. "For four decades," observes the newspaper Hindustan Times, "Islamabad has stated its claims to Kashmir under various pretexts. The two countries have

fought three wars, which have spawned mistrust and bitterness in South Asia. India is quite justifiably concerned by the fact that the terrorists are obtaining weapons and aid from abroad."

The Simla accord that India and Pakistan concluded in 1972 calls for the resolution of all disputes regarding Kashmir on a bilateral basis. Nevertheless, Pakistan has repeatedly tried to raise the "Kashmir question" at various international forums, including the United Nations.

Having stated its intention to put an end to hostility and confrontation in Jammu and Kashmir, as well as to resolve differences with Pakistan over the Kashmir problem, the present Indian leadership finds itself in a difficult situation. Especially in view of the fact that Prime Minister V. P. Singh has already responded to certain overtures from India's Moslem community.

Not long ago, the press reports, the country's leadership decided to play its "Moslem card." I. K. Gujral announced his intention, among other things, to visit Iran. However, the Iranian government suddenly took a unilateral decision to indefinitely postpone the visit by the head of India's foreign policy department. "New Delhi views Iran's decision as a manifestation of its negative attitude toward recent events in Jammu and Kashmir," wrote the influential newspaper Times of India. "In its recent statement, the Iranian government supported the separatists in Kashmir and expressed the view that the situation of Moslems in India is unsatisfactory."

In the view of the newspaper Hindu, the first important success of Pakistan's "Moslem diplomacy" was the public support that Islamabad's policy received from the Saudi Arabian government, and from the Secretary-General of the Organization of the Islamic Conference (OIC) at the opening of the organization's session in Jidda in February to mark its 20th anniversary. At that critical moment of the struggle, the OIC director, for the first time, called Kashmir a territory "occupied by India."

An official Saudi Arabian statement, carried by that country's news agency, was read on television. The Saudi Press Agency cited a statement by the country's foreign ministry to the effect that the government "is very

closely following the development of events and expresses concern in connection with the deteriorating situation in Kashmir, as a result of which many Moslems have been killed. Saudi Arabia, which maintains friendly relations with India, is concerned by the Moslems' cause in India, desires a de-escalation of tension in the region, and urges India to seek peaceful means of solving the problem, in accordance with UN decisions."

However, the OIC Secretary-General's reference to Kashmir as "occupied" could have more serious consequences for New Delhi. As Hindu observes, this unambiguously raises the separatists' movement in Kashmir "to the same level as the struggle of the Palestinian people." Such an interpretation of events, a comparison of the Kashmiri events in India with the "intifada," could elicit an outpouring of sympathy for the Moslems in Jammu and Kashmir and do enormous damage to India. This is precisely what Pakistan has been trying to bring about for the past several years.

Observers believe that for this reason, New Delhi should immediately dispatch envoys to the countries of Asia and Africa to prevent Kashmir from being equated with Palestine.

At the same time, these observers consider it necessary to keep the "door open" to talks with Islamabad. "It would be a mistake to cut off all paths for dialogue with the Pakistani side," noted the prominent political scientist Bhabani Sen Gupta in the newspaper National Herald, "solely on the grounds that representatives of political circles in Pakistan, including Prime Minister Benazir Bhutto, are making rhetorical statements with respect to Kashmir."

In this complex situation, the Soviet Union's support has become highly significant for India. The National Herald, which is close to government circles, writes that this support "could be further evidence of the vital importance of long-term Indian-Soviet friendship and cooperation, which is the cornerstone of India's foreign policy."

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15 Aug. 1990